United States Court of Appeals

for the Second Circuit

APPENDIX

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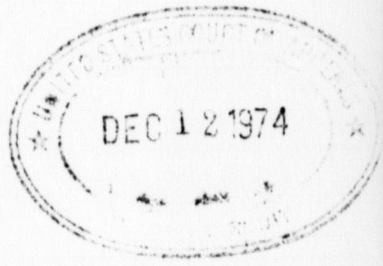
United States Court of Appeals

FOR THE SECOND CIRCUIT



UNITED RUBBER, CORK, LINOLEUM AND PLASTIC WORKERS OF AMERICA, AFL-CIO, an unincorporated association, and UNITED RUBBER, CORK, LINOLEUM AND PLASTIC WORKERS OF AMERICA, AFL-CIO, LOCAL 102, an unincorporated association,

Plaintiffs-Appellants,

vs.

LEE NATIONAL CORPORATION,

Defendant-Appellee.

APPENDIX

(Volume V—pages 1512A to 1794A)

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Document No. 1 is the Lee - Local 102 Working Agreement, dated July 3, 1961, but effective May 1, 1961, (D. Dep AAA) -- a copy of this document is annexed to the amended complaint as Exhibit 1.

P10.2 — 1513A — Dep Exh. 11

THIS AGREEMENT, made and entered into this 31st day of October, 1963, by and between REPUBLIC RUBBER DIVISION OF LEE RUBBER AND TIRE CORPORATION, Youngstown, Ohio, hereinafter referred to as the Company, and LOCAL UNION NUMBER 102 of the UNITED RUBBER, CORK, LINOLEUM AND PLASTIC WORKERS OF AMERICA, hereinafter referred to as the Union.

WITNESSETH: Whereas it is the desire of the parties to promote mutual co-operation and harmony and to formulate rules for the guidance of the parties, now therefore, the parties hereto agree as follows:

ARTICLE I

SECTION 1. PARTIES TO AGREEMENT

(1) Local Union 102 of the United Rubber, Cork, Linoleum and Plastic Workers of America has been designated for the purpose of collective bargaining for the employees of the Company's Youngstown Plant, located in Youngstown, Ohio, in the following appropriate unit.

(2) All of the hourly and piece work production and maintenance employees of Lee Rubber and Tire Corporation, Republic Rubber Division, including the inspectors, factory clerical workers, laboratory testers, excluding general office workers, foremen, assistant foremen, heads of the experimental research department, salaried chemists, timestudy men. Local 102 shall be the exclusive representative of all the employees in said unit for the purpose of collective bargaining in respect to rates of pay, wages, hours of employment or other conditions of employment.

(3) All employees covered by this agreement who have completed their probationary period of eight weeks or who shall hereafter complete their probationary period (eight weeks) shall establish and maintain good standing membership in the Union as a condition of continued employment.

(4) The Company shall deduct from the first pay of each month the Union dues, fines, and assessments as may be established by the Union and remit such amounts due to the bonded officer (Treasurer) of Local 102, URCLPW of America, immediately with a list of the employees from whom the deductions were made. Such deduction of dues, fines, and assessments shall represent payment for the current month. In the event a member does not draw a pay on the check-off date, the Company, upon notification, will deduct his delinquent dues the following month. The Union agrees to save the Company harmless from any liability due to any dispute arising out of the application of this provision.

(5) It shall be the duty of the Union to furnish to the Company properly signed voluntary deduction authorization from individual employees, in compliance with existing laws. Such authorizations shall be irrevocable for a period of one year from date of execution or until the termination date of this agreement, whichever occurs first, after which date assignment and authorization may be revoked upon written notices being delivered by registered mail to both the Company and the Union.

SECTION 2. BARGAINING PROCEDURE

(1) Meetings between the Company's representatives and the Union's Bargaining Committee shall be held when requested by either party, and at a time mutually agreed to by the parties, but not later than 2:00 P.M.

If the Union requests the meeting it shall be held at no cost to the Company but if the meeting is at the request of the Company the management shall pay each member of the Committee their average hourly rate for lost work time involved.

(2) Employees may discuss with their shift or department foreman any problem arising in connection with their work. However, any employee who wishes to enter a grievance over any matter shall follow the procedure listed below.

(3) The grievance shall be reduced to writing in quadruplicate, on a form provided by the Company, and signed by the employee. The grievance shall be presented to the employee's shift or department foreman at a time mutually agreed upon and such meeting shall be attended by an employee involved in the grievance and one Union representative. The Foreman shall record his reply on the grievance form and return two copies to the Union representative within two (2) working days of the time it is presented to him.

(3.01) Stewards may discuss any problem with the Department Manager but only at a time mutually agreed upon and such meeting will be held within 24 hours - except when a holiday or a weekend intervenes.

(4) If the matter has not been satisfactorily adjusted it may be presented to the Company's Industrial Relations Department by the Plant Grievance Committee or by the Division Chairman in company with either the affected Union Steward or another Union Officer at a meeting scheduled for that purpose. The meeting shall be held at a date mutually agreeable to the parties but not at a time later than 2:00 P.M. A representative of the U.R.C.L. & P.W. of A. may be present at this meeting, or any subsequent meeting.

(5) The decision of the Company will be given in writing within 5 working days. Unless an additional meeting between the parties, for the purpose of introducing new evidence or bringing in a representative of the U.R.C.L. & P.W. of A., is requested within 10 days thereafter this decision shall represent the final position of the Company under the grievance procedure. In the event a second meeting is requested, the Company will again state its position in writing and such reply shall be final.

(6) When written grievances have been satisfactorily settled through negotiations, at the request of either party such settlement shall be reduced to writing and signed by the representatives of the parties who effected the settlement. Any adjustment made in settlement between the Company and the Union of grievance involving piece work rates, allowances and day work rates shall be effective as of the date the written grievance is presented unless otherwise mutually agreed, but in no case to exceed sixty (60) days. The 60 days limitation will not apply in case of error on the part of the Company.

(7) Executive Officers, Division Chairman and Department Representatives may contact persons outside their department in the interest of handling grievances and complaints requiring immediate attention after arranging with their foreman to leave their job. In such cases paymant will be made for lost work time. Permission will be given to make contact on other Union business if necessary, but without pay for time lost.

(8) Any work time lost by Union Officers or Stewards in processing written grievances in accordance with the steps listed above shall be paid for by the management at the employee's average hourly earnings.

SECTION 3. ARBITRATION

(1) In the event that disputes or grievances, except those involving general or departmental wage increases or decreases, have not been adjusted to the satisfaction of the parties as outlined elsewhere herein, then such unsettled grievances or disputes may be submitted to a board of arbitration in the following manner.

(2) The party so desiring arbitration shall, within 30 days of the date of the Company's final reply made under the grievance procedure, frame the question to be arbitrated, referring specifically to the provision to be interpreted, or the provision which has been allegedly misapplied wherever applicable, notify the other party in writing, and within five days the Union shall designate its representative and the Company shall designate its representative. These two shall mutually select the third member of the Board. In the event that the third member cannot be

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mutually agreed upon within ten days after filing of notice to arbitrate, then the two arbitrators shall jointly request the AMERICAN ARBITRATION ASSOCIATION, 9 Rockefeller Plaza, New York, N. Y., to appoint the Chairman of the Board of Arbitration.

(3) Each party shall be responsible for the cost of its arbitrator and shall share equally the cost of the third arbitrator.

Payment will be made to Union Officers presenting the case, but not to arbitration Board Member or witnesses, for the turn during which the hearing is held if lost work-time is involved.

(4) A majority decision of the Board shall be rendered within 10 days of the submission of all evidence and shall be final and binding upon both parties.

The Board in rendering its decision shall be confined strictly to the question as framed and/or to applying the terms of this Agreement, wherever applicable. However, the Board shall have no authority to add to, deduct from, or in any manner change the provisions of this Agreement.

(5) In the event either party refuses to submit an issue to arbitration within 10 days after the filing of the notice to arbitrate, then such refusal to arbitrate shall effect a default in favor of the other party.

SECTION 4. NO STRIKE PROVISION

(1) The Union agrees that it will not encourage, sanction or approve any strike, stoppage, slow-down or other interruption of work over any matter subject to arbitration while this agreement is in force and effect. The Union further agrees that in the event employees should engage in any activities which interfere with the Company's normal operations, it will, as soon as possible after being informed by the Company that such activities exist, take reasonable action to induce employees engaging in such activities to resume work in a normal manner. The Company agrees that there will be no lockout during the term of this agreement.

(2) It is understood and agreed that there shall be no liability on the part of the International Union, the Local Union or any of their officers or agents by reason of an unauthorized strike, stoppage, slow-down or other interruption of work by employees during the life of this agreement. Any employee who instigates or encourages or participates in a slow-down, stoppage of work or other interruption of production, or who is absent from work for more than three consecutive working days without proper notice to the Company and without obtaining proper leave of absence, or management's permission for such absence, or who is unjustifiably absent for a total of three or more days within any period of ten consecutive working days, may be disciplined by discharge or otherwise by the Company. Failure of the Company to exercise its rights to administer discipline on one occasion shall not impair or constitute waiver of the Company's right to administer discipline on other occasions.

(3) If any of the acts prohibited above occur during the term of this agreement, the parties shall not discuss nor negotiate, nor shall a Board of Arbitration or arbitrator hear or rule on any problem or grievance related to such acts until such time as the prohibited acts are discontinued.

SECTION 5. DISCHARGES

(1) Any employee who feels that he has been unjustly discharged shall make written grievance. Such grievance shall be presented to the Industrial Relations Manager by the Union's accredited representative within four working days of the time of discharge. Should it be found that the discharge was unjust, the employee shall be reinstated with back pay for time lost.

(2) Before any employee is discharged or disciplined, following his probationary period, he shall be given a hearing by the Department Manager at which time a Union representative and executive officer will be present. A written copy of the charge or charges will be given the Union at the time of the hearing.

ARTICLE II

HOURS OF WORK, PREMIUM PAY AND SPECIAL PAY

SECTION 1. HOURS OF WORK

(1) Eight consecutive hours in any twenty-four hour period shall constitute a standard work day and five consecutive eight-hour days, beginning with the employee's starting time on Monday, shall constitute a standard work week. No change will be made in the hours worked by the factory or any individual department without negotiation with the Union.

1.01 Unless otherwise mutually agreed, five hour shifts will be worked on the day prior to New Year's.

(2) Employees shall not.

2.01 enter the plant more than twenty minutes prior to their scheduled starting time,

2.02 commence work before actual starting time,

2.03 leave his department before proper time to end his shift or,

2.04 to ring the clock card of another employee, either in or out.

(3) Male incentive workers will be in the plant 8 hours and may take a 20 minute unpaid lunch period. Female incentive workers will be in the plant 8 hours and will take a 30 minute unpaid lunch period. They will receive 7.8 hours pay.

(4) Day workers will be in the plant 8½ hours and will take a 30 minute unpaid lunch period.

(5) The prevailing practice covering setting piecework rates provides adequate allowance for lunch and other personal time and will be continued. Female piece-workers must take thirty (30) minutes for lunch after five (5) hours.

(6) On continuous operations, operators will keep the operation going until relieved by the operator on the following turn. Employees on continuous operations will not shut down the operation to eat. However, they will be permitted to earn 33.3% in excess of standard on these operations.

SECTION 2. OVERTIME PROVISIONS

(1) All time worked in excess of the standard work day or the standard work week and time worked between 10:50 P.M. on Saturday and 6:50 A.M. on Sunday and between 10:50 P.M. on the day preceding any of the holidays listed below and 6:50 A.M. on the holiday shall be paid for at the rate of time and one-half.

(2) Employees required to work in excess of eight hours in any twenty-four hour period due to shift changes voluntarily made to accommodate the employee or employees, shall not be paid in excess of the straight time rate for such excess time worked except if the excess time worked is worked on Sunday or a holiday as defined in Article II, Section 3, Paragraph 1.01 of this Agreement.

(3) Eight hours must elapse after the standard day is worked before additional hours are worked in a twenty-four hour period.

(4) All employees in a department performing substantially equivalent work shall, unless sick or absent, receive an equal division of overtime hours so far as it is practical to do so.

4.01 A chart will be kept in each department office for the purpose of recording overtime hours worked. Unscheduled overtime refused by an employee will be charged to him as worked, except when such unscheduled overtime is for weekend work. Scheduled overtime will be worked and such schedule will be posted not later than the end of the 1st turn on Thursday.

(5) Overtime payment shall be made on a daily or weekly basis, whichever is the higher, but not on both.

(6) Any employee who loses time because of not being scheduled to work on any of the holidays named in paragraph (1.01) of Section 3 below, shall be credited with a normal day worked for the purpose of computing overtime after 40 hours.

SECTION 3. SUNDAY & HOLIDAY PAY

(1) Holidays Worked & Sunday Worked

1.01 Work performed between 6:50 A.M. on Sunday and 6:50 A.M. on Monday and between 6:50 A.M. on any of the following named holidays and 6:50 A.M. of the day following the holidays shall be paid for at the rate of double time: New Year's Day, Memorial Day, Independence Day, Labor Day, Thanksgiving Day, the last scheduled work day before Christmas Day and Christmas Day.

1.02 Power House service is a seven-day operation and employees engaged in such occupations shall be required to work staggered shifts as heretofore. They shall be paid time and one-half for work performed in excess of 8 hours per day and 40 hours per week. Work performed on any of the seven designated holidays shall be paid for at double time. Should employees be required to work on their scheduled day off, they will be paid time and one-half for the hours worked on such day.

1.03 When any of the above holidays fall on Sunday, the day observed shall be considered a holiday and shall be compensated for in the above manner.

(2) HOLIDAYS NOT WORKED

2.01 Subject to the following requirements and conditions the Company will pay, at straight time to each employee who does not perform work for the Company on any of the seven holidays listed above an amount equivalent to the number of hours in the employee's regular work shift for the week in which the holiday occurs

multiplied by his individual hourly rate or by his average hourly earnings for the latest available pay period.

2.02 Except as provided in Paragraph 1.02 of this Section 3, employees who work on a holiday shall be paid under the provisions of Section 3, paragraph (1.01) above, and in addition, shall receive any holiday pay for which they qualify under Paragraph (2.01) of the same section.

2.03 To be eligible for such holiday pay the employee must work his last regularly scheduled shift prior to and his first scheduled shift after the holiday, except as specified hereafter. Employees who are laid-off, begin an illness or start a leave of absence the day following a holiday, or prior thereto within the holiday week or the preceding week will qualify for holiday pay provided the illness is substantiated by satisfactory medical evidence. An employee qualified for payment for the two preceding holidays will be paid for New Year's Day also.

2.04 Notwithstanding paragraph (2.03) above the qualifying period for the holiday designated as "the last working day before Christmas" will be ten working days prior thereto.

2.05 Employees working on jobs which by the nature thereof must be continued in operation on a seven (7) day basis and who rotate thereon shall be paid holiday pay if the holiday falls on their regularly scheduled day off. If such employees are scheduled to work on a holiday and absent themselves from work, they shall not receive holiday pay.

2.06 An employee who accepts work assignment on a holiday and any employee whose regular work assignment required him to work on a holiday and who absents himself on that day will not be eligible for holiday pay.

2.07 An employee who, having been laid off or who was on an approved leave of absence, returns to work on the day following a holiday will be eligible for holiday pay.

2.08 An employee who is absent due to injury sustained in the plant will be eligible for holiday pay, less any amount the injured employee is receiving under the Workman's Compensation Laws of Ohio and the Supplemental Workman's Compensation benefits.

2.09 An employee who is on his vacation during a week in which a holiday occurs will receive extra pay for the holiday but will not receive an extra day of vacation in lieu of the holiday.

2.10 An employee who works less than a regularly scheduled shift on a holiday will be paid double time for hours actually worked and in addition, employee shall receive straight time for the entire shift, provided he qualifies under the provisions of paragraph (2.01) above.

SECTION 4. PAY FOR SIXTH DAY

(1) Compensation at the rate of one and one-half (1½) times the regular rate of pay shall be paid for all work performed on the sixth (6) day worked in any regularly scheduled work week regardless of the total number of hours worked during the preceding five (5) days, provided, however, the employee has not absented himself on any previous day for personal reasons. Jury duty, appearance in any court of law, draft board summons, URCLPW Union activities with the Company, lack of work, death in immediate family (employee's wife, husband, blood relative of his or her spouse, guardian or ward) and injury within the plant shall not be considered "personal reason". Absence for an unusual cause will be given consideration upon request of the employee. Credit will not be given for absence due to personal illness unless such illness is substantiated by a doctor's certificate, except that limited to three

such occurences within a calendar year, credit will be given for personal absence not so substantiated, provided the employee has reported off. An employee who becomes ill on the job will be credited with a full day worked. When a day is lost before the announcement of Saturday work, it will be an excused absence.

SECTION 5. SPECIAL PAY

(1) Jury Duty

1.01 An employee, on presentation of the proper evidence that he is serving on jury duty, shall receive an amount equal to the difference between his regular daily earnings and his jury duty fee when the employee is absent on any scheduled work day because of such service.

1.01.1 When an employee, who is on a jury panel, reports for work, for two or more consecutive days, because he has been released from jury duty during the term, then the employee who has been brought in to replace him may be laid off without a three day notice.

(2) Military Encampment Pay.

2.01 An employee with one (1) or more years' seniority who is a member of a reserve component of the armed forces who is required to enter upon active annual training duty shall be paid the difference between the amount of pay he received from the Federal or State Government for such duty and normal weekly earnings (average straight time hourly rate if on piece-work or hourly rate if on day work multiplied by the number of hours in the normal week on his job) for lost time while on such duty up to a maximum period of two (2) weeks per year, or the equivalent thereof not to exceed a two year period. Such items as subsistence, rental and travel allowance shall not be included in determining pay received from the Government. Payment will be made upon receipt of official notice showing period of service and amount received.

(3) Funeral Pay

3.01 An employee, who has completed his or her probationary period, and who is absent from work to attend the funeral of his or her parent, mother-in-law, father-in-law, brother, sister, child, spouse, or a dependent living in his or her household, may be absent without loss of pay for work time lost by reason of such funeral during a period starting with the date of death to and including the day following burial, but in no event to exceed three (3) days.

(4) Physical Examination

4.01 Employees examined on the turn on which they are to start to work will be paid for time lost from work due to such examination.

4.02 Employees undergoing a physical examination required by the Company shall not be charged for such examination. The cost of such examination in all cases will be paid by the Company.

(5) Taking Inventory

5.01 The rate for taking the annual inventory shall be paid in the following manner:

5.01.1 Day workers engaged shall receive their own day work rate.

5.01.2 All male pieceworkers engaged will be paid a rate of $2.736 per hour for time spent in taking the annual inventory.

5.01.3 All female pieceworkers will be paid a rate of $2.286 per hour for time spent in taking the annual inventory.

5.02 Each department will select for this work the senior serviced employees qualified by reason of knowledge of the product.

ARTICLE III

RATES OF PAY AND VACATION PAY

SECTION 1. HIRING AND MINIMUM RATES

(1) The general wage rates in effect at the termination of the contact expired June 30, 1963, shall remain in effect for the duration of this Agreement, subject, however, to a reduction of 7½% of all incentive base rates in effect under the contract expired June 30, 1963, with an earnings cap of 28% above such reduced base, except for the higher cap of 33.3% specifically provided for in Article II, Section 1, Paragraph (6) of this Agreement and subject further to such changes that may be made from time to time according to the terms of this Agreement.

(2) For men the hiring rate will be $2.222 per hour; minimum after eight weeks $2.317 per hour and after six months $2.347 per hour.

(3) For women the hiring rate will be $2.042 per hour; minimum after eight weeks $2.147 per hour and after six months $2.217 per hour.

(4) Individual hourly rates shall be a proper subject for negotiation.

SECTION 2. SHIFT DIFFERENTIALS

(1) A differential of 5¢ per hour will be paid for all work performed on the second (afternoon) shift and 7½¢ per hour for all work performed on the third (night) shift. The amount of differential shall be determined by the shift on which the employee is scheduled to start to work, except an employee who works overtime shall be paid, for the overtime hours, the differential applying to the shift on which the overtime starts.

(2) Employees who start to work between the hours of 5:00 A.M. and 12:00 Noon shall be considered working on the first (day) shift, those starting between 12:00 Noon and 8:00 P.M. shall be considered working on the second (afternoon) shift, and those starting between 8:00 P.M. and 5:00 A.M. shall be considered working the third (night) shift.

(3) Employees who are scheduled to start work after 8:00 A.M. and before 12:00 Noon will be paid the second shift differential for all hours worked beyond 2:50 P.M.

SECTION 3. PIECE WORK RATES

(1) Piece-work rates will be established on new items, wherever practical, after sufficient time studies have been made. Rates will be set so that the average experienced operator using all normal skill and working with consistent average effort will earn per hour the standard rate established for the job.

(2) It is agreed that most experienced operators because of extra skill and effort will earn in excess of the standard and, in making time studies, full credit shall be given to the operator studied for skill and effort shown in excess of the average, thus resulting in hourly earnings to such operators above the standard.

(3) During the development and time study periods, the experienced operator will be paid his past average hourly earnings.

(4) When a change is made in methods, operations, equipment, materials, customers' specifications and requirements and any changes made necessary to keep up with new developments and equipment to keep the Company competitive, the job will be restudied. Operators will be paid average earnings during the development and time study period. The Union's Departmental representative shall be advised of such contemplated adjustments.

4.01 Notwithstanding the provisions of Paragraph (4) above, all incentive rates in the plant will be subject to restudy and change, if justified, at any time for any reason.

(5) When new or revised piecework rates are to be put in use the Union Steward will sign his name on the rate sheet solely for the purpose of acknowledging that he is aware the rate is in use.

(6) It is recognized that there may be errors made in originally setting piecework rates or that there may be minor changes in operating or stock conditions that take place over a period of time after the rate has been established. To correct such errors or changes, any required revisions either upward or downward, as the case may be, in rates involved, will be made as promptly as possible.

(7) When the average of the earnings of all experienced operators on any job run lower than the earnings resulting from the standard rate for the job, over a four week period, the operation shall be restudied and rates adjusted, if such adjustment is found to be justified. No adjustments will be made until the matter has first been called to the attention of the Plant Grievance Committee.

(8) When the average piecework earnings of any individual exceed 28% over the standard of the job for a two week pay period, any earnings in excess of 28% will not be paid. The total amount of money not paid will be reported to the Union quarterly.

(9) When a new rate is established by the Company, and if the respective employee finds such new rate unsatisfactory after using it for 10 working days, the Company shall be notified by him and it shall restudy such rate within the following 10 working days. If no restudy is made during such following 10 working-day period, the Company shall pay the respective employee 100% of his former average earnings until such restudy is completed. If as a result of the restudy the new rate is not changed, then the originally established new rate shall continue in effect, but the respective employee shall have the right to use the grievance procedure, and if as a result of such grievance proceedings, the rate is changed, then such changed rate shall be made retroactive for the 20 days after the establishment of the original new rate. Should, however, the originally established new rate be changed as a result of the restudy, then the new changed rate shall similarly be made retroactive for such 20-day period. A day, within the meaning of this paragraph, shall be one or more turns or any part thereof. In cases where it is fairly obvious an error has been made, the correction will be made immediately. New rates shall be given a fair trial by employees without any slow-down to reduce their earnings during the trial period.

SECTION 4. JOB EVALUATION

(1) It is hereby agreed that the Company shall have the right to put into effect a Job Evaluation Program in order that operations may be put on a competitive basis. To this effect, the ground rules for such Job Evaluation Program and for the new system of compensation based on such Job Evaluation Program shall be established by

a Union-Management Committee of 4 or 6 members, on which Union and Management shall have equal representation.

(2) In case of any dispute as to the ground rules for job evaluation and the corresponding compensation system, the Committee shall accept the suggestions and decision of a reputable, competent, independent industrial engineering firm to be consulted for that purpose. Such industrial engineering firm shall be selected jointly by Union and Management, and the expenses of same shall be borne equally by both. In order to select such industrial engineering firm, Union and Management shall each present the names of 3 firms, and in case they cannot agree on the selection of any one of them, then such industrial engineering firm shall be appointed by the American Arbitration Association.

SECTION 5. OFF-STANDARD PAYMENTS AND AVERAGE EARNINGS

(1) When because of abnormal condition of stock or equipment or waiting for stock or equipment to complete the operation being performed, or because of a change in operations or methods, an operator's production is retarded, he shall be paid 90% of his average hourly earnings for the first week the condition exists and 95% of his average hourly earnings thereafter; provided the employee notifies the foreman or supervisor at the start of the delay and the foreman checks and verifies the condition causing the delay, and provided further that the delay or delays cause the employee's earnings to fall below his normal average earnings despite his compliance with Paragraph (5) of this Section 5.

(2) The expression "abnormal condition of equipment" as applied to the Press Room shall include cases where removal of a mold from the line during the turn causes a loss of earnings, in which event off-standard payments will be based on one or more of the following conditions:

2.01 The amount of production actually lost from the mold in question until a mold is returned to the line, or

2.02 Possible change in cure time of the remaining molds in the line, or

2.03 Possible assignment of another mold in an adjacent line.

(3) Average earnings or past average earnings as referred to in this agreement shall be the employee's latest available pay period record, and such average earnings shall mean the average normal piecework earnings while working on his regular job. The average earnings of all employees in the department as of the latest available pay period record shall be maintained in each foreman's office and shall be available to a duly constituted representative of the Union.

(4) Employees transferred from another department shall, during the first pay period in the new department or a longer period if necessary to establish an average, be paid the plant minimum rate when average earnings or off-standard payments are applicable, and at the end of the pay period the actual piecework average earnings attained will be paid retroactively or will be used to figure off-standard payment whichever is applicable.

(5) It is understood and agreed that employees, when paid average earnings or off-standard payment under any of the conditions covered by this Article III, are expected to stay on the job and produce with their normal incentive effort.

(6) When employees lose time due to a power interruption, lights off, electrical or mechanical breakdown or other conditions beyond the Company's control, there shall be no payment for less than twelve minutes. If the delay is for twelve minutes or more, the employees will be paid at off-standard payment for the first hour, or any part thereof, and at plant minimum after the first hour. The employee will do any work assigned to him by the foreman during the delay.

(7) When an employee is injured on the job or becomes ill on the job as a result of an occupational disease arising out of his job at the Republic Rubber plant, he shall be paid on the basis of his past average earnings for the work time lost that day during his regular shift while receiving first-aid treatment or having x-ray pictures taken as ordered by the Company. If the employee, after reporting to the Company's hospital, is unable to continue at work, payment will be made for the balance of the shift, but only if the employee furnishes satisfactory medical evidence of illness or injury and that such injury or illness is directly or indirectly due to his occupation.

7.01 In cases involving Workmen's Compensation benefits, the employee claiming such benefits shall be eligible for payment for work time lost only, while having x-ray pictures taken or having medical examinations made or receiving treatment when and as ordered by the Company to be examined by a doctor of the Company's choice.

(8) When a member of a crew is absent, not to exceed 8 hours, on Union business with the Company, the earnings of other members of the crew will be maintained for the hours of such absence unless the Company furnishes a qualified substitute, and provided the employee reports his intended absence in advance whenever it is possible.

(9) Employees in the lead area, who are taken off their jobs and assigned to other work, as a result of physical examination which discloses any condition that should not be kept in close association with lead operation, will be paid past average earnings for a period not to exceed 10 days.

(10) Employees entitled to payment for wage impairment under the Workman's Compensation Law will receive such payment simultaneously with pay check covering the same period of time.

SECTION 6. REPORTING FOR WORK PAY

(1) Any employee who reports for work on his regular turn, unless he has been notified not to report, and does not receive four hours work shall be paid an allowance equivalent to four hours work at the plant minimum rate. However, no allowance will be made if the employee refuses to perform work other than his regular operation, subject to the provisions of this contract as to rates of pay.

1.01 An employee who has been absent from work on the preceding day for personal reasons will not be eligible for reporting for work pay unless he has had a definite understanding with his supervisor that he would report for work that day.

(2) This allowance will not be made if every effort was made to notify the employee but it was found that he had not advised the Employment Department of a change of address or of his telephone number. Employees who furnish no telephone number will not be eligible for reporting for work pay.

(3) If the employee accepts an offer to work another shift, he shall be paid one hour at regular day rate for reporting on regular shift.

(4) No Reporting for Work allowance will be made in case of major breakdown of equipment, fires or other causes substantially affecting the normal operation of the plant, or of a department, provided the Company shall make every effort which is reasonable under the circumstances to notify affected employees when such interruption occurs before their reporting for work time.

(5) When any regular production work is to be done during a major interference with normal operation, such work will be done on the first day by the employees who regularly do the work. This provision will be applied by turns. Should the interference continue beyond one day, then such work shall be assigned to the senior employees of the department who have had previous experience on the work to be performed.

SECTION 7. TRANSFER PAY

(1) When an employee is required by the Company to transfer temporarily from his regular operation to another operation where the rate of pay is higher, the employee shall receive the higher rate of pay, and if required by the Company to transfer temporarily to an operation where the rate of pay is less than the employee's average earnings, the employee shall receive his or her average earnings.

(2) When an employee transfers to another job in his department, as a result of a bid, he will receive the plant minimum or his piecework earnings whichever is higher if it is a piecework job. If the transfer is to a day work job he will receive the plant minimum for the first week, 90% of the full rate for the next ten (10) working days and the rate of the job thereafter. All such transfers will be subject to the qualifying provision for the job to which transferred.

(3) When the transferred employee is a member of a crew, the average earnings of the remaining members will be maintained for the full day if they continue on their regular job provided they exert every reasonable effort to maintain their previous earnings. If unable to perform the work because of the transfer, they will be given a choice of other available work and will be paid average earnings for four hours and rate of the job assigned thereafter.

(4) When an employee whose work temporarily runs out is assigned to other employment on which there is an established day work rate, he (or she) will receive the rate of such job.

(5) When an employee, upon being transferred to another department, is placed on piecework operation where, because of no rates, he is unable to establish a piecework average, he shall be paid 90% of the average earnings of the job for the first week and not less than other employees with whom he may be working thereafter. If the earnings are on a crew basis, the 90% for the first week will be figured on the percentage applicable to his position in the crew.

(6) When an employee is transferred from another department, due to lay-off, and is assigned to a day work job, he shall receive the plant minimum for the first week. If retained on the job, he will be paid 90% of the rate of the job for the next 10 working days and the rate of the job thereafter. However, if an employee is assigned to a day work job which pays 15% or less above the plant minimum, he will be paid the plant minimum for the first week and a rate halfway between the plant minimum and the rate of the job for the second week and the rate of the job thereafter. An employee who has previously attained the full rate on the job will receive the rate of the job immediately.

(7) When an employee is transferred to another department due to lay off or by request, and is assigned to a piece work operation; he will be paid the plant minimum or his piece work earnings, whichever is higher.

SECTION 8. VACATIONS

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(1) For the purpose of establishing service records for vacations, any time lost for reasons other than lay-off, illness of the employee, or absence while in the Armed Forces of the United States during the period of war emergency will be deducted and the service record, for vacation, changed accordingly.

(2) The vacation period shall be from January 1st to December 31st.

(3) The Plant will be shut down for two weeks and such two weeks shall be the pay period which includes the 4th of July. Such period shall be designated as comprising a voluntary vacation period for all employees who are eligible for a vacation. For any portion of such period as an employee is not eligible for a vacation, he will be considered to have been laid off.

(4) So far as it is practicable, any additional weeks of vacation for which an employee may be eligible will be given at a time most desired by the employee. For these additional weeks only, a vacation selection sheet will be posted by April 1st, and in order to receive consideration for preference in vacation weeks to which the employee may be entitled in addition to those described in paragraph (3) above; a selection must be made by May 1st.

(5) The Management reserves the right to arrange such vacations so as best to insure the orderly and efficient operation of the plant. Any time off for vacation prior to May 1st will be on a voluntary basis.

(6) All employees must take their vacations except that:

6.01 Employees who have lost time from their work because of extended illness may be granted vacation pay in lieu of vacation. They shall receive such vacation pay in December before Christmas.

6.02. Employees compelled by the Pension Agreement to retire on the first of February of any year will not be required to take a vacation in January of that year. Payment for vacation will be made at time of retirement.

(7) Employees, who, by January 1st have accumulated one year of vacation service, as defined above, shall be eligible for one week's vacation. Similarly, employees who have accumulated 3 years of vacation service shall be eligible for 2 weeks' vacation, employees who have accumulated 10 years of vacation service shall be eligible for 3 weeks' vacation and employees who have accumulated 22 years of vacation service shall be eligible for 4 weeks' vacation.

(8) Employees who accumulate their first year of vacation service between January 1st and December 31st will become eligible for one week's vacation upon actual completion of the twelve months service if actively at work on that date, or upon return to work thereafter for a period of thirty days, unless laid off before the end of thirty days, provided they drew pay for at least 1040 hours of the said twelve months. Employees who accumulate 3 years of vacation service; employees who accumulate 10 years of vacation service and employees who accumulate 22 years of vacation service between January 1st and December 31st will become eligible for two weeks, three weeks and four weeks respectively upon actual completion of 3, 10 or 22 years' service respectively.

(9) Vacation pay shall be 2% of the employee's previous calendar year's earnings for each week of vacation to which the employee is eligible provided he has worked in the current vacation year and has drawn pay for at least 1040 hours in the previous year.

(10) The supplementary agreement on vacation policy and procedure attached hereto shall be incorporated as a part of this agreement.

(11) In the event an employee is on vacation and it becomes necessary for him 1526A to attend the funeral of a relative as provided in Art. II Section 5 Paragraph 3.01, the vacation schedule will be extended by the number of days he is eligible for payment under said section; provided he notifies his foreman promptly of the funeral and in sufficient time to permit the foreman to secure a replacement.

ARTICLE IV

APPLICATION OF SENIORITY

SECTION 1. SENIORITY

(1) Definition

1.01 During the term of this Agreement the seniority of an employee shall be his continuous service with the Company, from his last hiring date to the date of his termination of employment or termination of this Agreement, or any extension thereof, whichever is earlier, except as hereinafter provided. An employee's seniority, as defined herein, shall entitle him under specified conditions to priority on shift preference, transfers, lay-off and recall as hereinafter provided.

(2) Seniority Established.

2.01 Present Employees

The seniority of present employees shall depend upon the length of their continuous service as previously agreed upon between the Company and the Union and reflected in the record of continuous service now on file in the Employment Department of the Company.

2.02 New Employees

When a new employee has completed an accumulated eight weeks probationary period with the Company in any twelve month period, his service for the purpose of seniority shall be computed from the hiring date.

(3) Seniority Interrupted.

Any employee who has been laid off shall be placed on the Recall List and treated as follows.

3.01.1 An employee with less than three (3) years of seniority when laid off shall be carried on the recall list for two (2) years thereafter and if rehired within such two (2) year period shall receive credit for seniority held at time of layoff, plus seniority credit for time laid off, not to exceed six (6) months.

3.01.2 An employee with three (3) or more years of continuous service shall be carried on the Recall List for three (3) years plus one (1) month for each year of service figured to the nearest half year. If the employee is rehired within such period he shall receive credit for seniority held at the time of lay-off plus credit for time on lay-off. However, seniority credit for time on lay-off shall not exceed two (2) years.

3.02 The seniority of an employee who is absent because of extended illness will be treated as provided in paragraph 4.01.5 of this section, effective with the first day of such absence.

3.03 No employee shall lose his seniority by accepting work with the Company outside the bargaining unit, and if he thereafter returns to the bargaining unit he shall have the seniority he had at the time he accepted such work, it being understood that he shall not accumulate seniority while outside the bargaining unit after May 1, 1959. Notwithstanding this provision, seniority, as it affects eligibility for vacation and determination of Continuous Service under the Pension Plan shall also accumulate during time spent on work with the Company outside the bargaining unit after May 1, 1959.

(4) Seniority Lost

4.01 Seniority shall be broken by any of the following causes:
4.01.1 Voluntary separation.
4.01.2 Discharge for just cause,
4.01.3 Absence exceeding the period for which leave of absence is granted,
4.01.4 Laid off for a period of two (2) years for employees with less than three (3) years' seniority.
4.01.41 Laid off for a period of three (3) years plus one (1) month for each year of service not to exceed, however, a total of five years for employees with three (3) or more years of seniority.

4.01.5 Absence on account of illness for a period of more than two (2) years.

4.01.6 Failure to comply with the recall provision of this Agreement, Article IV, Section 3, Paragraph 6.

(5) Departmental Seniority

5.01 Seniority, as it affects certain rights within a department, is referred to in this Agreement as Departmental Seniority.

(6) Departmental Seniority Established.

6.01 To establish departmental seniority an employee must accumulate 90 calendar days in that department, including all days prior to the time he is scheduled to work in another department or the first work day he is laid off out of the plant.

6.02 Departmental seniority of an employee returning to a department under the conditions covered by Paragraph 2.01, Section 7, Article IV, will be established at once.

6.03 Having established departmental seniority in accordance with paragraph (6.01) or (6.02) above, any time spent in other departments, will be cancelled for the purpose of establishing departmental seniority.

(7) Departmental Seniority Lost

7.01 When an employee establishes departmental seniority in accordance with Paragraph (6) above, he loses the departmental seniority he holds in any other department.

(8) Miscellaneous

8.01 No new help shall be hired by the Company until laid off employees, qualified by seniority and able to perform satisfactorily the job available, have been given an opportunity to return to work.

8.02 The Company will maintain an up-to-date seniority list in the Employment Department and agrees to keep the Union's list revised upon request.

8.03 The Company agrees to have a list of all laid-off employees with seniority which list can be checked by the assigned representatives of the Union at specific times to be agreed upon.

SECTION 2. LAY-OFFS

(1) For the purpose of this Agreement, lay-offs shall be classified either as temporary or indefinite. A temporary lay-off shall be one which is effective for an expected period not to exceed five working days; an indefinite lay-off shall be one of longer duration.

(2) In making temporary lay-offs departmental seniority alone shall prevail.

(3) In case a lay-off which at its beginning appeared would be one of not more than five days, lasts for a longer period, it shall at the end of the five days' period unless mutually agreed otherwise, be treated as an indefinite lay-off and handled accordingly.

(4) In the case of an indefinite lay-off, plantwide seniority shall prevail for employees with three years or more seniority; for those with less than three years of seniority, departmental seniority shall prevail.

(5) Lay-offs will be made in the following order:

5.01 Employees in the department who have less than ninety (90) days' service with the Company;

5.02 Transferred employees with less than ninety (90) days' service in the department, on the basis of seniority;

5.03 Other employees, on the basis of seniority.

(6) In the case of an indefinite lay-off, the Company shall place affected employees with three or more years' seniority somewhere in the plant, without loss of time, provided the employee accepts work in the department of the employee whom he is entitled to displace, which shall be the employee having the least service in the plant and, provided further, that such placement, can be made without causing the employee to work more than 8 hours in any 24 hour period. However, if it is necessary to place an employee on another shift and in doing so the employee would lose a shift's work; it shall not be considered as lost time within the meaning of this paragraph.

(7) In the case of an indefinite lay-off, employees with one year, but less than three years, of seniority shall be given an opportunity to replace employees elsewhere in the plant having less than three (3) months' service.

(8) Unless prohibited by conditions beyond its control,

8.01 The Company will give three days' notice before making an indefinite lay-off and will pay, at the rate of pay being earned at time of notice of lay-off, for work-time lost because work is not made available during the three days period. However, if it is necessary to place an employee on another shift, and in doing so the employee loses a shift's work, it shall not be considered as lost time within the meaning of this paragraph.

8.02 Employees absent from work when scheduled for lay-off shall;

8.02.1 be considered as having received notice of lay-off;

8.02.2 be considered as having had work available to them;

8.02.3 be laid off on the basis of the lay-off schedule, with or without having returned to work in the department. Notice for such absent employees will be posted on the department bulletin board on the day notice is given.

(9) Every employee in order to be in line for recall according to seniority must, at the time of lay-off, fill out and sign a form in the Employment Department, stating whether he, or she, will accept employment anywhere in the plant or specifying the jobs on which work will not be accepted.

(10) Jobs selected on the form by an employee shall not be changed prior to one year from date of current lay-off, but the employee may change his selection of jobs on the form one year from date of current lay-off or thereafter.

(11) A copy of this form will be given to the employee.

(12) Lay off procedure will be in accordance with the memorandum of understanding, a copy of which is on file in the Employment Department.

SECTION 3. RECALLS

(1) For the purpose of this Agreement recalls shall be classified as either temporary or indefinite. A temporary recall shall be one which is effective for a period not expected to exceed 5 working days; an indefinite recall shall be one of longer duration.

(2) When making temporary recalls, departmental seniority shall prevail and the senior serviced employee experienced on the work to be done shall be entitled to such work.

2.01 Temporary recall rights as provided in paragraph 1 and 2 of this Article IV, Section 3, shall be waived for a period of 45 days from the date of the execution of this Agreement, and during this period the Company shall have the right to recall its employees either for the same jobs they had at the time the strike started or apply seniority rights only when in the opinion of management the employees to be recalled, based on their seniority rights, have the necessary experience, skill and ability to perform the respective jobs satisfactorily.

(3) In case a recall which at its beginning appeared would be for not more than five days lasts for a longer period, it shall at the end of the five day period, unless mutually agreed otherwise, be treated as an indefinite recall and handled accordingly.

(4) Indefinite recalls shall be made on the basis of seniority, provided the employee has reported to the Employment Department at the time of lay-off and has executed the essential recall forms.

(5) When it becomes necessary to recall laid-off employees, notice shall be given employees at their last recorded address. It shall be the employee's duty to keep the Employment Department advised of his correct address and the Employment Department shall provide a receipt for such address. In case employee does not report his intention immediately upon receipt of personal service, a registered letter or telegram shall be sent to his last recorded address. It is understood that notice has been given when telegram or registered letter is offered for delivery.

(6) Within forty-eight hours of notice to return to work, the employee shall report his desire to return and when he will be available to the Employment Department and he will be notified when he shall report which shall be within five days after receipt of original personal, telegraphic or mail notice. Failure to give notice of intention within the forty-eight hour period or failure to return to work within five working days will be regarded as leaving the employ of the Company on the employee's own accord.

(7) It is understood that if upon receipt of notice to return to work the recalled employee is ill, his seniority shall be preserved and upon request such employee agrees to provide a physician's certificate regarding his inability to report for work because of illness. If for any other reasonable reason the employee cannot report for work within five working days, the Company will give consideration and make the final disposition of such case.

(8) When an employee is recalled to a department other than the one from which he was laid off, upon request to the Employment Department he may be permitted to transfer to his former department when an opening occurs.

SECTION 4. TRIAL PERIODS

(1) The question of whether employees affected by a lay-off who have plant-wide seniority possess the necessary qualifications to replace the least serviced employee shall be determined by a trial period as described herein.

(2) Except for jobs listed under Appendix "A" the trial period shall consist of ten (10) working days. By the end of the first five days on one classification, under normal conditions, the employee must attain piecework earnings for the day equal to 80% of the plant minimum rate. During the second five days the employee must exceed the plant minimum rate for at least three full days. Failure to fulfill either of the foregoing requirements will result in disqualification. However, upon demonstrated physical inability to perform the work to which an employee is entitled under the established practice covering transfers at time of lay-off, such employee may replace the employee having the least seniority in the plant, provided he can meet the qualifications of that job. The first trial period shall be for the minimum time necessary to demonstrate such incapacity.

(3) When the productive work of an experienced employee decreases without proper cause to the equivalent of less than the established plant minimum rate, the Company shall pay only for actual productive work performed upon giving written notice to the employee and the department committeeman.

(4) In any instance where there is an unjustifiable decrease in the performance of an employee working on any of the guarantee set forth in this Article IV, such guarantee may be withdrawn upon giving written notice to the employee and the department committeeman. In such cases when piecework is involved the Company shall pay only for production work performed and when day work jobs are involved, only the plant minimum shall be paid.

(5) An applicant for transfer to the Mechanical Shops shall first be given a practical test. Unless it is thus clearly shown that he is unfitted for the work available he shall be given thirty (30) working days to demonstrate his ability to perform the work normally done by the man in the classification for which he has made application.

(6) In the case of day work jobs, the question of whether the employee during the trial period, has demonstrated his ability satisfactorily shall be determined by the Company, subject to review through the grievance procedure.

(7) If any employee is unsuccessful in demonstrating his ability through such a trial period he shall not be entitled to another trial on the same job during the current lay-off.

7.01 An employee who has disqualified himself for physical reasons or has had two (2) previous disqualifications for failure to meet the provisions of Paragraph 2 above, will not be given a further trial period on the job on which the previous disqualifications occurred. However, after a period of two (2) years from date of last disqualification, the restriction will be lifted.

(8) When the job involved is that of Ash man in the Boiler House, he shall have not less than 5 years seniority.

(9) Employees on seniority exempt jobs, who have three or more years' seniority, shall, in the case of indefinite lay-off, be entitled to the same plant seniority rights as all other three year employees.

SECTION 5 - SENIORITY EXEMPT KEY JOBS

(1) With respect to the key jobs enumerated below, designated as exempt from seniority, all seniority provisions shall not apply in connection with transfers, recalls, lay-offs, and filling of vacancies, or when as a result of the application thereof, employees in such key jobs would become subject to bumping.

(2) With respect to all such key jobs, the management shall have the right to fill them on the basis of required skill, experience and physical ability for the respective jobs, but shall give consideration to seniority only when such skill, experience and physical ability to perform the job efficiently are equal.

(3) Key jobs are:

A. All mechanical shop employees exclusive of the labor gang and ash men in the Boiler House.
B. All clerks and planners.
C. Reinspectors of finished goods in the Trimming Dept.
D. Hand hose builders in Long Hose Dept.
E. Banbury operators.
F. Press Room jobs as listed on agreement dated 2/27/63
G. Mill Men
H. Lead Press Operators
I. Cover Machine Operators

3.01 The following jobs or any of them may at any time be designated as key jobs if found necessary to do so in order to maintain efficiency and productivity of operations, and if so designated the provisions of the abovementioned Paragraphs 1 and 2 of this Section 5 shall apply also to such newly designated key jobs. Union and Management shall mutually agree on such newly designated key jobs, and in case of disagreement such issue shall be submitted to arbitration.

A. Tube Machine Operators
B. Black Rock Cutter Operators
C. Plastic Extruder Operators
D. Belt Building - 1st man
E. Curing Press - Belt 1st man
F. Curing Press - Packing 1st man
G. Roll and Gasket Builders - Hand Room

SECTION 6. LEAVES OF ABSENCE

(1) Leaves of absence may be granted at the request of employees to their foreman, for reasons satisfactory to the Management and only for the period specified in the written leave and in accordance with the conditions written in the leave. All leaves

of absence or any extension thereof, not to exceed a total of 90 days except as specifically stated in Paragraphs 2, 3, 4 and 5 of this Section 6, must be approved by the Manager of Industrial Relations. Any person over-staying a leave of absence will be regarded as having voluntarily quit. The Union shall be notified whenever such leaves of absence are granted and over-stayed.

(2) Female employees who have acquired at least nine months' service shall, when pregnant be granted a leave of absence not to exceed two hundred and seventy (270) days providing the following conditions are met:

2.01 The employee will not be permitted to work during the four-month period immediately preceding childbirth except upon presentation of a doctor's certificate every thirty days, and,

2.02 the leave of absence shall not exceed four months past childbirth.

(3) Any member of Local 102, URCLPW of A., shall be granted a leave of absence for an unspecified period for specific Union activities, providing these specific activities confine his services to the URCLPW of A. or to activities with the National A.F.L. - C.I.O. Office. Said employee on leave of absence must file an application for renewal with the Company annually. Termination of employment with either of the above named employers, automatically terminates the leave.

(4) Leaves of absence will be granted for one term of an elective political office and for the term of a special committee appointed to serve the State or Federal Government.

(5) In the event that any employee is drafted or volunteers for service with the Armed Forces of the U. S. Government, such employee, if so entitled under his seniority rights, upon termination of such service, provided he was honorably discharged, is physically fit, and makes application for reemployment within ninety days of his discharge, shall be returned to work with the Company at the prevailing rate of pay with full retention of his seniority rights and without loss of any factory service. In the case of volunteers, seniority shall be preserved until ninety days after the expiration of the enlistment upon which they are serving when peace is declared.

SECTION 7. TRANSFERS AND DISCONTINUED JOBS

(1) The Company shall not transfer employees from one department to another unless it is on a voluntary basis except where such transfer is required in order to assure the proper functioning of an operation, a department or of the plant. When it is necessary to transfer an employee from one department to another on a temporary basis, the employee to be temporarily transferred may be selected by the Company on the basis of his skill for the job to which transferred.

(2) Applications

2.01 An employee desiring to return to a department which he left as a result of lay-off due to a reduction of force, and in which he has established departmental seniority, must make application with the Employment Department within ninety (90) calendar days of the last day worked in that department. Such application will be made on a card to be known as a 90-day card.

2.01.1 If this is done, he will be transferred, in line with his seniority, when an opening occurs. Upon transfer his departmental seniority will be restored immediately regardless of how long he has been out of that department.

2.01.2 If such employee declines the transfer when the opportunity is presented, he can gain departmental seniority (if he has established seniority elsewhere) only by subsequently accumulating ninety (90) calendar days in the former department.

2.01.3 If such employee accepts a transfer to another department (other than the one in which he has seniority) and accumulates 90 days; then his 90 day card is withdrawn.

2.02 An employee who wishes to transfer to another department shall file an application with the Employment Department. Such application must be on file at least 48 hours prior to the posting of the bid which results in adding an employee to the department.

If there are no such requests, then any other requests will be honored and the vacancy will be filled in the normal manner. However, if a request is submitted on a day that lay-offs are being processed, such request must be filed in the Employment Department by one (1) o'clock of that day.

2.02.1 When an employee accepts a transfer under this condition any other such requests which he may have on file will be cancelled.

2.03 When an employee transfers, on his request, to another department and fills a vancancy caused by illness he will, upon the return from illness of the employee who caused the vacancy, return to the department from which he transferred. On such return, he will replace the employee with the least seniority in that department provided he has more seniority than the least serviced employee in the department. If he does not have enough seniority to replace the least serviced employee in the department, he will replace the least serviced employee in the plant. This provision will govern regardless of elapsed time and will not be considered in violation of any other clause in this agreement.

(3) Discontinued Jobs

3.01 If the work to which an employee transfers under paragraph 2.02 runs out after he has been out of his department five (5) working days, and before he has established departmental seniority in the new department, he must return to his former department (the department in which he has departmental seniority) and displace the least serviced employee. In the event he cannot displace the least serviced by reason of seniority, he will bump the least serviced employee in the plant.

(4) Transfers Outside Bargaining Unit

4.01 An employee who accepts employment with the Company on jobs not within the bargaining unit may return to production or maintenance work within the bargaining unit on the following basis, the seniority of such employee will thereupon be in accordance with Paragraph (3.03) of Section 1, Article IV:

4.01.1 An employee who did not leave his department shall go to the department of the employee with the least seniority in the plant. After a 5 day waiting period and upon his request, he may return to his department in line with his seniority, when an opening occurs, with full seniority.

4.01.2 An employee who did leave his department shall go into the department of the employee with the least seniority in the plant; and, after a 5 day waiting period, may request transfer to other departments under the same provisions as all other employees.

4.01.3 Should the work outside the bargaining unit terminate before the employee has been out of the bargaining unit forty five (45) working days; he shall return to his former job. However, if such employee is out of the bargaining unit for more than forty five (45) working days but less than ninety (90) calendar days when the job terminates, he shall displace the employee with the least seniority in the department from which he left the bargaining unit. Furthermore, if the affected employee resumes the work outside the bargaining unit within eight weeks thereafter, the job shall be considered permanent upon the accumulation of ninety (90) calendar days.

4.01.4 If an employee accepts work outside the bargaining unit because of the absence of another employee due to illness, injury or filling in for vacation, he shall return to his former job upon the return of the other person regardless of the elapsed time.

SECTION 8. VACANCIES

(1) Vacancies and new jobs will be filled from within the department on the basis of continuous service in the following order, by bidding:

1.01 Employees with departmental seniority.

1.02 Employees without departmental seniority (excluding probationary employees). This group is restricted to filling one bid opening prior to attaining departmental seniority.

1.03 Probationary employees are not permitted to bid on job openings but will receive their jobs by assignment.

2. Bidding Procedure.

2.01 Notice of vacancy shall be posted on the bulletin board and left up for 48 hours. Bids for any vacancy which may result from filling the original bid job will be entered on the form attached to the original notice of vacancy.

2.01.1 An employee going on vacation will be permitted to leave one (1) job request on file with his department manager. If this job should become available while the employee is on vacation, this request would be considered an official job bid. If the employee should be awarded the job, he will be required to accept it upon return from vacation. Such job will be filled temporarily until his return from vacation.

2.02 Vacancies caused by illness will be posted after a lapse of five (5) working days.

2.03 A photostatic copy of the notice of vacancy and the supplemental bidding form, showing the names of bidders, if any, and the action taken, will be given to the department steward.

2.04 The successful bidder for any vacancy will be required to accept the job and must remain on the job for 90 days before he can again bid on an opening.

2.05 If an employee is the senior bidder for more than one job at the same time, the choice of job will be made by the foreman unless the employee has expressed his preference on the bidding form.

2.06 When the job of the first man in any crew operation consisting of two or more men becomes vacant for any reason it shall be filled as follows:

2.06.1 First, from among qualified bidders, who can perform the job without a trial period; (in case of doubt the employee will be given a test.)

2.06.2 Second, by giving opportunity to other members of crews engaged in that operation to step up in regular order in accordance with seniority; and
2.06.3 Third, by a regular bid for work in that crew.

2.07 When there is a vacancy in any crew operation, other than that of the first man, it shall be filled as follows:

2.07.1 First, by giving opportunity to other members of crews engaged in that operation to step up in regular order in accordance with seniority; and

2.07.2 Second, by a regular bid for work in that crew.

(3) When vacancies are not filled within the department, a requisition shall be sent to the Employment Department. The Employment Manager will fill such requisition in the following sequence:

3.01 "Former employees of that department who are working elsewhere in the plant and who made application for return within 90 days of the last day worked in the department, as covered by Paragraph 2.01, Section 7 of this Article IV. The fact that there may be employees on lay-off who have seniority in the requisitioning department shall not affect transfer of these applicants, except that if the employee at the top of the laid-off list shall have such seniority he shall be given equal consideration with the applicants based upon seniority."

3.02 Any other employees, in order of seniority, who have filed application for transfer as covered by Paragraph (2.02), Section 7, of this Article IV.

3.03 Transfer under the above paragraphs 3.01 and 3.02 will be made within a period not to exceed two weeks, unless otherwise mutually agreed.

3.04 Laid-off employees in order of seniority.

(4) Employees filling vacancies under any of the foregoing provisions shall be subject to the provisions of a trial period as outlined under Paragraph (2), (5) and (6) of Section 4, Article IV.

4.01 Employees who are disqualified will be treated as listed below:

4.01.1 The employee who bid in a job within his department will replace the man in that department having the least seniority and shall not be permitted to bid on a job opening for 90 days thereafter.

4.01.2 An employee who transferred to another department by personal request may return to the job of the man in the department from which he came who has the least seniority. If there is no one in the department with less seniority than his, he will bump the least serviced employee in the plant. Also if his former department no longer exists, he will displace the least serviced employee in the plant.

4.01.3 An employee who was transferred under the lay-off procedure, upon demonstrated physical inability to perform the work to which he is entitled, may displace the man with the least seniority in the plant after the vacancy he created has been filled by the regular procedure.

4.01.4 Any employee who disqualifies himself for other than physical reasons, will be laid off out of the plant.

(1) When an employee has accumulated 90 calendar days in a job classification within a period of 120 days, beginning with the expiration date of the bid covering the vacancy, his rights on the job will be based upon his seniority date.

(2) An employee affected by a reduction of force prior to attaining job rights may return to his former job. At the time he returns to his former job he must fill out a form provided by the Company stating whether he does, or does not, wish to continue the accumulation of the 90 days if the possibility arises.
(3) An employee wishing to continue the accumulation of the 90 days cannot enter his name on a bidding notice so long as the possibility exists. An employee not wishing to continue may enter a bid after returning to his former job for 5 working days.

(4) An employee bidding into a vacancy caused by the absence of another due to illness, injury or filling in for vacations outside the bargaining unit shall not acquire job rights therein but may return to his former job upon the return of the absent employee regardless of the lapse of time. He may, however, acquire job rights in accordance with Paragraph (1), (2) and (3) above if the absent employee does not return to the job.

(5) Job rights will be lost only by acquiring rights on another job or by being laid off or transferring by personal request out of the department over 5 working days. An employee with job rights who is displaced by a reduction of force, and remains in the department, may return to the job, in line of seniority, when an opening occurs, provided he does not bid on another job.

(6) Job rights referred to in the above paragraphs, 1 through 5, will not be affected by the act of borrowing help. An employee can neither lose job rights by having been borrowed out of his department nor can he hold job rights by being borrowed back into a department from which he was laid off. In no case will an employee remain on a borrowed status for more than five (5) days.

(7) Seniority rights, as elsewhere provided, shall prevail only when they do not affect the abovementioned job right provision.

ARTICLE V

MANAGEMENT

(1) The Union agrees to co-operate with the Management to attain the best productivity possible which is consistent with fair and reasonable labor practices. The Union will support Management's effort to improve production, establish efficient methods, eliminate waste, conserve materials and supplies and improve the quality of the workmanship.

(2) Except as expressly limited by a specific provision of this Agreement, the Company shall continue to have the exclusive right to take any action it deems appropriate in the Management of the business and the plant and the direction of the working forces in accordance with its judgment, including but not limited to the right: To decide on the products to be manufactured, the methods of manufacture; the discontinuance of any product, material, or method of production; to introduce new equipment, machinery, or processes, and to change or eliminate existing equipment, machinery, or processes; to discontinue, temporarily or permanently in whole or in part, the conduct of its business or operations; to decide on the nature of materials, supplies, equipment or machinery to be used; to subcontract the manufacture of any of its products or any portion thereof, or any maintenance, installation or service work; to select the working forces in accordance with the requirements determined by its management; to transfer, promote or demote employees; to lay off, terminate or otherwise relieve employees

from duty for lack of work or other legitimate reason; to discipline or discharge for cause; to promulgate and enforce compliance with safety and plant rules and impose penalties for violation thereof; to determine the size of the working force, including the number of employees assigned to any particular operation; to determine the work pace and work performance levels; to establish, change, combine or abolish any job classifications and the job content ot any classification; to determine the length of the workweek to require reasonable overtime and to determine when overtime shall be worked.

ARTICLE VI

GENERAL RULES

(1) Payday shall fall on every other Friday; however, if payday falls on a holiday, employees will be paid on the preceding day.

(2) Employees are required to inform the Employment Department or their foreman if they do not intend to report for work as soon as they possibly can do so, however, the second and third shift employees are to do so, if possible, at least six hours before the start of their shift. Employees at the time of reporting off are also to state when they intend to return. Employees who are off are to notify the Employment Department or their foreman before they intend to return and if they fail to so notify and then report for work, they will not be paid for four hours' work as covered by Article 3, Section 6, if someone has been assigned to their job.

(3) Shift preference shall be determined by majority vote of employees in each department. Voting will be restricted to the period between January 1st and January 31st of any year, and the Union shall advise the Company promptly of the result of such vote.

(4) During the eight week probationary period employees may be kept on any shift to which they are assigned by the foreman.

Other employees may be kept on any shift to which they are assigned by the foreman, for the purpose of breaking in, for a period not to exceed two weeks.

(5) No foreman or supervisor will take part in production, maintenance, or physically taking inventory to the extent that some employee is deprived of hours of work or earnings. The Company reserves to itself the right to either perform or to delegate the final recording on prescribed tags of the information disclosed by the physical inventory.

Nothing in the Agreement shall prohibit a foreman from working on samples or performing experimental jobs for the purpose of developing the product or improving the method.

(6) Errors appearing on time cards shall be brought to the attention of the employee and correction made in his presence. However, in the case of a dispute, no writing on the card will be erased or otherwise obliterated. The corrected figure will be put on the card and the original figure will be circled out. The time card shall be initialed by the employee to indicate only that the change was made with his knowledge. Any refusal to initial the card for this purpose will be called to the attention of the Union Steward by the foreman and the card will be put through as changed. The Steward may initial the card.

(7) A bulletin board will be provided for notices of Union Meetings. Any other literature must be clered through the Manager of Industrial Relations before posting.

(8) There shall be no solicitation of any employee during his working hours.

(9) Parties agree to promote healthful, sanitary and pleasant working conditions in the Company's plant at all times.

(10) The Company will perform regular continuing maintenance and installation work with the employees of its mechanical departments except when lack of skills or equipment, nature of the work or cost or time consideration make it impractical. The Company will give notice to the Union when an outside contractor is to be engaged to do work within the plant. Such notice will be given before the contract is let to afford the Union an opportunity to discuss the subject with the Industrial Relations Department at which time the Company will explain the need for contracting the work. If the work is of an emergency nature, notice will be given promptly.

(11) Work schedules for the following week will be posted on Thursday. The employees will get all their information from the posted notice. It will not be the duty of the Company or the foreman to contact the individual employee. The original notice is subject to change and is therefore not binding upon the Company. However, in the event of a change in the schedule, the Company will notify the individual employees affected.

(12) The Company shall make reasonable provision for the safety and health of its employees during the hours of their employment and will furnish protective devices, equipment, or clothing wherever the use of such protection is required by the Company. The Company will provide necessary shower baths, lockers, and other facilities for maintaining sanitary conditions. A safety and health committee shall be appointed consisting of not more than three men representing the Company and not more than three representing the Union to facilitate the promotion of safe working practices and the elimination of unsanitary or unhealthful working conditions within the local plant.

(13) The Safety and Health Committee shall meet as often as deemed necessary, but not less than once per month, for the purpose of discussing safety problems, and will tour the plant periodically to verify that adopted safety recommendations have been complied with. Reports on conditions will be brought to the Manager of Industrial Relations and a meeting will be held. The Company shall hold a safety meeting within 14 days after the plant inspection unless otherwise mutually agreed. Members of the Safety and Health Committee will be permitted to attend grievance meetings regarding safety and health problems. Union members of the Safety and Health Committee shall be paid for lost work time while functioning on the committee.

(14) The Company will provide a verifax copy of accident and injury reports to the Safety and Health Committee.

(15) The Company will provide adequate first-aid on all turns.

(16) The Company will furnish meal tickets to employees working 10 or more hours; provided the overtime hours beyond his regular turn are unscheduled. Provided further that the meals are eaten in the cafeteria. No carry out service will be given unless authorized by the foreman of the department issuing the meal ticket.

(17) All reprimands that are a year old, or older, and no violation has occurred within a year for the same reason as the original reprimand, shall be removed from the employee's record without prejudice.

ARTICLE VII

TERMINATION

(1) This contract shall continue in full force and effect until October 31, 1964. However, after December 16, 1963, either of the parties may terminate this contract by giving notice in writing to the other party of its desire to terminate this contract and the Supplemental Unemployment Benefit contract upon the expiration of ninety (90) days from the date of such notice.

In case such notice is given then the parties shall begin negotiations within 15 days from the date of such notice, at which time the parties shall present in writing all subjects to be negotiated. If negotiations are not completed prior to the expiration of the 90-day notice, this agreement shall terminate.

In case no such notice is given for termination of this agreement prior to its expiration date, then this agreement shall renew itself for yearly periods unless written notice is given by either party to the other party, not less than sixty (60) days, but not more than seventy-five (75) days prior to the expiration date or any extension thereof, that it is desired to terminate or amend the agreement. In the event such notice is given, the parties shall begin negotiations within fifteen (15) days, at which time the parties shall present, in writing, all subjects to be negotiated. If negotiations are not completed prior to the expiration date, this agreement shall terminate unless extended by mutual agreement of the parties.

(2) In the event that either party elects to renegotiate the Agreement on Employee Welfare Benefit Program dated July 1, 1961, or its successor as negotiated or amended, as provided therein, and in the event that the parties are unable to reach an agreement in connection with said Employee Welfare Benefit Program and either party elects to terminate the same, then and in that event this Contract Agreement may be terminated upon sixty (60) days' written notice by either party after the termination of the Welfare Agreement.

(3) This Agreement may be amended at any time by mutual written agreement between the parties, which must be signed on behalf of the Company by two of its officers. If either party proposes amendments to this Agreement during the life thereof, negotiations on such proposals shall begin within ten (10) days. If no settlement is reached, the provisions of the Agreement shall continue in effect.

II

The terms, provisions and conditions of this contract shall inure to the benefit of and be binding upon the successors and assigns of the parties hereto. The term "successor" as used herein shall include a purchaser of the Republic Rubber Division Plant of Lee Rubber & Tire Corporation in Youngstown, Ohio.

III

It shall be a further condition of the assignment of this contract that assignee shall assume all the obligations of Lee Rubber & Tire Corporation under the existing Employees' Welfare Benefit Programs dated September 28, 1961, as amended on December 17, 1962 and of the Supplemental Unemployment Benefit contract as amended as of this date.

1540A

Subject to all necessary approval, this Agreement signed OCTOBER 31, 1963 shall be effective NOVEMBER 1, 1963.

UNITED RUBBER, CORK, LINOLEUM & PLASTIC WORKERS OF AMERICA, LOCAL NO. 102

William F. Oeler

Fred R Knight

Stephen Bienasky

Cloyce McHenghlin

Thomas Pfeiffer

Jacob Schwartz

John Hennessy

REPUBLIC RUBBER DIVISION LEE RUBBER & TIRE CORPORATION

E. A. Zimmerman

L. E. Young

Merle Leasing

Richard C McHenry
International Representative

(46)

3(22(67 211)

1541A

MEMORANDUM OF UNDERSTANDING REGARDING THE EMPLOYEE WELFARE BENEFIT PROGRAMS OF REPUBLIC RUBBER DIVISION

With reference to the Employee Welfare Benefit Programs by and between Republic Rubber Division, Lee Rubber & Tire Corporation (hereinafter referred to as Lee) and Local Union No. 102, United Rubber, Cork, Linoleum and Plastic Workers of America dated September 28, 1961, as amended on December 17, 1962, (hereinafter referred to as the Welfare Agreement) it is hereby understood and agreed that:

1. The abovementioned Welfare Agreement may be assigned by Lee to a purchaser of the Republic Rubber Division plant who will agree to assume all the obligations of the Welfare Agreement and recognize for the purpose of such Welfare Agreement the established seniority rights of the Union employees of Lee at the time of such purchase. If such purchaser is acceptable to the Union, then Lee shall be relieved of all of its obligations under the Welfare Agreement except such payments provided for thereunder as are due and unpaid as of the date of assignment.

2. It is hereby confirmed that a sale by Lee of the Republic Division plant in Youngstown, Ohio, shall not be construed as a discontinuance of the operations of said plant by Lee within the meaning of Paragraph 4, Part II, of the Welfare Agreement, provided no such discontinuance takes place before the termination of said Agreement.

Consequently, the Special Distributions on Discontinuance of Operations provided under said Paragraph 4, Part II, of Welfare Agreement shall not be due and payable by Lee if the Republic Rubber Division plant in Youngstown, Ohio, is sold by Lee and the employment of the Union employees is terminated by Lee as a result of such sales, provided the operations at said plant are not discontinued, as abovementioned and the employment of the Union employees is offered under a contract with the purchaser to whom said plant has been sold by Lee.

Following W.O. 10-28-63 L.Y. 10/28/63 Rem. 10-28-63

To be negotiated by Mutual Agreement L.Y. 10/28/63 W.O. 11-28- Rem. 10-28-63

IN WITNESS WHEREOF, the parties have caused this Memorandum of Understanding to be executed this 22nd day of October, 1963.

LOCAL UNION NO. 102,
UNITED RUBBER, CORK, LINOLEUM
& PLASTIC WORKERS OF AMERICA

William F. Oster
Fred R Knuplet
Joseph Schuyler
Thomas Pulibin
Clayce McKnight
Stephen Burnosky
John Herman

REPUBLIC RUBBER DIVISION
LEE RUBBER & TIRE CORPORATION

E. Parkman
L. E. Young

Richard C McGown

FTO 4 Defs Ex J.C. 1542A

(47) 3/22/67 29

MEMORANDUM OF UNDERSTANDING REGARDING THE SUPPLEMENTAL UNEMPLOYMENT BENEFIT PLAN OF REPUBLIC RUBBER DIVISION

With reference to the Supplemental Unemployment Benefit contract by and between Republic Rubber Division, Lee Rubber & Tire Corporation (hereinafter referred to as Lee), and Local Union No. 102, United Rubber, Cork, Linoleum and Plastic Workers of America (hereinafter known as the Union), dated September 28, 1961, as hereinafter amended, it is hereby understood and agreed that:

1. The Supplemental Unemployment Benefit contract by and between the parties hereto dated September 28, 1961, as hereinafter amended shall be assignable to any purchaser of the plant of Republic Rubber Division of Lee approved by the Union.

2. The Union further agrees to cooperate with the Company in substituting the purchaser of Republic Rubber Division plant of Lee approved by the Union for Lee, in all contracts and trust arrangements created under the provisions of the Supplemental Unemployment Benefit plan as hereinafter amended including but not limiting to directing a letter to the Union National Bank of Youngstown approving such substitution.

3. It is further understood and agreed that the Supplemental Unemployment Benefit contract dated September 28, 1961, shall be amended by deletion of paragraphs (a) and (b) of Section 5 of the said contract and substituting therefore the following:

   The Separation Payments provided under this Article XII shall be payable only from the fund and only to the extent of the monies therein. The amount of all Separation Payments so paid from the fund shall be deducted from the value of the assets of the fund for the purpose of computing trust fund position. It is therefore agreed that there shall be no liability or obligation on the part of the Company to make any Separation Payments as provided under this Article XII in the event that the monies available in the Trust Fund are insufficient for such payments and no liability for any such separation payments will ever be imposed upon the Company, its officers, employees, agents, directors or stockholders, it being understood that all above-mentioned Separation Payments shall be satisfied only from and to the extent of the monies available in the trust fund.

4. It is further understood and agreed that the ninety (90) day termination clause contained in the Working Agreement executed concurrently with this agreement shall be applicable to this agreement.

1543A

IN WITNESS WHEREOF, the parties have caused this Memorandum of Understanding to be executed this 28th day of October, 1963.

LOCAL UNION NO. 102,
UNITED RUBBER, CORK, LINOLEUM
& PLASTIC WORKERS OF AMERICA

William J. Adler
Fred E. Knight
Jacob Schwartz
Thomas Whitelaw
Joyce McKnight
Stephen Berinsky
John Hennard

REPUBLIC RUBBER DIVISION
LEE RUBBER & TIRE CORPORATION

E. R. Brisbane
R. E. Young

Richard C McHoun
International Representative

105

TM-1 1544A

UNITED RUBBER, CORK, LINOLEUM
AND PLASTIC WORKERS OF AMERICA

LOCAL UNION 102

October 23, 1963

Lee Rubber & Tire Corporation
635 Madison Avenue, Suite 901
New York, N. Y. 10022

Att: Mr. M. M. Clairmont

Gentlemen:

The undersigned Executive Board of Local 102, United Rubber, Cork, Linoleum and Plastic Workers of America advise you that Aeroquip Corporation of Jackson, Michigan is an acceptable purchaser of the plant of the Republic Rubber Division of Lee Rubber & Tire Corporation as referred to in the Memorandum of Understanding dated October 20, 1963, regarding the Employee Welfare Benefit Program.

LOCAL NO. 102 U.R.W.

William F. Oder

Fred R. Koenig Jr.

Eugene W. Hughes

John Herman

Donald Schmidt

Howard Phillips

Stephen Kennedy

PTO 6 Dels Ex K 1d 3/22/67 21

1545A

(49)

REPUBLIC RUBBER DIVISION

LEE RUBBER & TIRE CORPORATION

INDUSTRIAL RUBBER PRODUCTS

YOUNGSTOWN 1, OHIO

December 20, 1963

LOCAL 102
United Rubber, Cork, Linoleum and Plastic
Workers of America
Columbiana, Ohio

Gentlemen:

In connection with the closing of the transaction with Aeroquip Corporation which took place today pursuant to our contract of sale to them of October 31, 1963, we wish to advise you that the plant and business of the Republic Rubber Division have been transferred to Aeroquip Corporation and that at the same time we have assigned to them the following agreements between our Company and your Union:

1. General Agreement dated October 31, 1963.

2. Supplemental Unemployment Benefits Agreement dated June 20, 1961, as amended to date.

3. The Employee Welfare Benefit Programs Agreement dated September 28, 1961, as amended to date and as clarified by Memorandum dated October 28, 1963 (hereinafter collectively referred to as "Welfare Agreement").

As a result of the assignments of said agreements, Aeroquip has assumed all our obligations thereunder.

Copies of such Assignments and assumptions dated December 20, 1963 are hereby enclosed for your files.

Accordingly all above mentioned agreements cease to be in effect between our Company and your Union as of this date. Also, pursuant to our Memorandum of understanding regarding the Employee Welfare Benefit Programs of Republic Rubber Division dated October 28, 1963 and your letter of same date confirming that Aeroquip Corporation is an acceptable Buyer to the Union, we are now released from all

our obligations under the "Welfare Agreement", excepting therefrom such payments provided for thereunder as may be due and unpaid as of December 20, 1963, and also excepting therefrom the reservation of all claims to rights regarding insurance premiums for strikers which were not paid by the Company during the strike, such matter being the subject of a grievance filed by you on the tenth day of September, 1963 and the subject of a cause of action filed by you on December 12, 1963 in the United States District Court for the District of New Jersey and being known as Cause No. 105263.

Please confirm the foregoing by signing and returning to us a copy of this letter.

Very truly yours,

LEE RUBBER & TIRE CORPORATION

Chairman of the Board

APPROVED & ACCEPTED:

LOCAL 102, UNITED RUBBER, CORK, LINOLEUM AND PLASTIC WORKERS OF AMERICA

President

Secretary

ONLY COPY AVAILABLE

AGREEMENT made as of this 20 day of December, 1963, by and between LEE RUBBER & TIRE CORPORATION, a New York corporation, having an office at 635 Madison Avenue, New York, New York (herein called "Lee") and AEROQUIP CORPORATION, a Michigan corporation, with an office at 300 So. East Avenue, Jackson, Michigan (herein called "Aeroquip").

1547A

In consideration of the mutual covenants hereinafter set forth the parties hereto do hereby agree as follows:

1. Lee hereby assigns, transfers and sets over unto Aeroquip the general working agreement made between Lee and Local Union No. 102, United Rubber, Cork, Linoleum and Plastic Workers of America, dated October 31, 1963 (hereinafter referred to as the General Agreement) and the supplemental unemployment benefits agreement made between Lee and Local Union No. 102, United Rubber, Cork, Linoleum and Plastic Workers of America dated June 20, 1961, executed on September 28, 1961, as clarified by memorandum of understanding dated June 20, 1961 and amended by memorandum of understanding dated October 31, 1963 (hereinafter collectively referred to as the S.U.B. Agreement).

2. Aeroquip hereby accepts such assignment and assumes the performance of all the obligations and liabilities of Lee under and by virtue of such General Agreement and S.U.B. Agreement from and after the date hereof and agrees to continue with such agreements and to make all payments required to be made and to perform all of the terms, provisions, covenants, obligations and provisos thereunder on Lee's part to be paid, kept and performed in accordance with their terms until their respective termination and to hold harmless and indemnify Lee from and with respect to all such obligations, liabilities and payments, and agrees to recognize the established seniority rights of the Union employees of Lee for the purposes of such General Agreement and S.U.B. Agreement and for the purposes of any new working agreement and/or supplemental unemployment benefits agreement it may enter into with the above-named Union and in connection with its offering employment to hiring and recall of any of such Union employees.

IN WITNESS WHEREOF, the parties hereto have caused this instrument to be executed as of the day and year first above written.

LEE RUBBER & TIRE CORPORATION

By: _____
Chairman of the Board

AEROQUIP CORPORATION

By: _____
President

AGREEMENT as of this 20 day of December, 1963 by and between LEE RUBBER & TIRE CORPORATION, a New York corporation, having an office at 635 Madison Avenue, New York, New York (herein called "Lee"), and AEROQUIP CORPORATION, a Michigan corporation, with an office at 300 So. East Avenue, Jackson, Michigan (herein called "Aeroquip").

In consideration of the mutual covenants hereinafter set forth the parties hereto do hereby agree as follows:

1. Lee hereby assigns, transfers and sets over unto Aeroquip the Employee Welfare Benefit Programs agreement made between Lee and Local Union #102, United Rubber, Cork, Linoleum and Plastic Workers of America dated September 28, 1961 as amended on December 17, 1962 and clarified by a memorandum of understanding dated October 28, 1963 (hereinafter collectively referred to as the Welfare Agreement).

2. Aeroquip hereby accepts such assignment and assumes the performance of all the obligations and liabilities of Lee under and by virtue of such Welfare Agreement from and after the date hereof and agrees to continue with such Welfare Agreement and make all payments required to be made thereunder in accordance with its terms and provisions until its termination in 1964 or 1966, as the case may be, and to hold Lee harmless with respect to all such obligations, liabilities, and payments (except for payment of premiums for group life insurance, medical, hospitalization and surgical benefits of former Union employees of Lee who retired prior to the date hereof), and agrees to recognize for the purposes of such Welfare Agreement the established seniority rights of the Union employees of Lee.

IN WITNESS WHEREOF, the parties hereto have caused this instrument to be executed as of the day and year first above written.

LEE RUBBER & TIRE CORPORATION

By: _____
Chairman of the Board

AEROQUIP CORPORATION

By: _____
President

1549A

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Returned 11.30.61 + Research

DATE September 6, 1961

LOCAL NO. 227 LEE RUBBER & TIRE CORPORATION
(COMPANY)

WAGE MEMORANDUM AND COLLECTIVE BARGAINING AGREEMENT
(TYPE OF AGREEMENT)

DATE June 30, 1961

EFFECTIVE

SIGNED ☒ TERMINATION June 30, 1963

APPROVED Letter, Bommarito-Hass, Pres. DATE 7/10/61

NOTE:

Amended SUB agreement to be submitted. Rec'd 10/3/61

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VICE-PRESIDENT
URCLPWA. AFL-CIO

mk

L. P #1550A

AGREEMENT

This Agreement, made and entered into this 30th day of June 1961, by and between the Lee Rubber & Tire Corporation, Conshohocken, Plant, Conshohocken, Pennsylvania, hereinafter referred to as the "Company" and Local Union No. 227, of the United Rubber, Cork, Linoleum and Plastic Workers of America, hereinafter referred to as the "Union".

The general purpose of this agreement is to promote the mutual interests of the parties hereto; to provide for the operation of the Lee Rubber & Tire Corporation's plant at Conshohocken, Pennsylvania, in a manner which will further to the fullest extent possible the safety and welfare of the parties hereto, and to provide rules for the guidance of the parties on all matters pertaining to rates of pay, wages, hours of employment and other conditions of employment.

ARTICLE 1

Recognition

Section 1.01

The Company recognizes the Union as the exclusive bargaining agent for all production and maintenance employees, also test car drivers, of the Company at its Conshohocken, Pennsylvania plant, but excluding executive employees, general office employees, factory office employees, foremen, assistant foremen, supervisory employees with the authority to hire, promote, discipline, discharge, or otherwise effect changes in the status of employees, or effectively recommend such action, laboratory employees (except test car drivers) and guards, on all matters pertaining to rates of pay, wages, hours of employment, or other conditions of employment.

Section 1.02

Employees who undertake or endeavor to disturb the terms and relationship of this agreement by means other than as provided in this agreement, may not be retained in the employ of the Company if found guilty of such offense after careful investigation is conducted by officials of the Company and the Union.

ARTICLE 2

Union Security

Section 2.01.1

All employees who are members of the Union as of the signing of this agreement shall remain members of the Union as a condition of continued employment with the Company.

Section 2.01.2

All present employees who are not now members of the Union shall make application for membership not later than thirty (30) days after the signing of this agreement and if accepted must remain members of the Union as a condition of continued employment with the Company.

OFFICE OF VICE PRES.
RECEIVED
AUG 30 1961
BY

Section 2.01.3

All employees hired or transferred into the bargaining unit subsequent to the signing of this agreement shall upon completing thirty (30) days of employment make application for membership and if accepted must remain members of the Union as a condition of continued employment with the Company.

Section 2.01.4

The provisions of Sections 2.01.1, 2.01.2, and 2.01.3 of this Article 2 shall not apply to any employee covered by this agreement to whom membership in the Union is denied or whose membership therein has been terminated for reasons other than the failure of such employee to tender his initiation fee or periodic dues.

Section 2.01.5

Any employee who fails to meet the requirements of this Article 2 shall not be retained in the employ of the Company provided that the Union shall have notified the Company and the employee in writing of such default and said employee shall have failed to remedy the same within ten (10) days after receipt of such notice.

Check-off

Section 2.02

The Company, upon written authorization of the employee, shall deduct from the first pay received each month by such employee, the Union dues for the current month and promptly remit same to the appropriate officer of the Union.

The following paragraphs shall appear on a card which shall be personally signed by the employee:

"I hereby authorize Lee Rubber & Tire Corporation to deduct from my pay current monthly Union dues and any unpaid regular monthly dues for periods not to exceed three (3) months, which are established by Local Union No. 227 in accordance with U.R.C.L.P.W.A. International Union constitution, and to be checked off in accordance with the agreement signed October 16, 1952, and any extension thereof as provided in said agreement. Said dues to be turned over to the treasurer of Local No. 227, U.R.C.L.P.W.A.

"This assignment and authorization shall be irrevocable for the period of one (1) year from the date hereof or until the termination of the current collective bargaining agreement between the Union and the Company whichever is the shorter period. At the end of the original period of irrevocability and each renewal period of irrevocability this assignment and authorization shall be automatically renewed and be irrevocable for a like period of one (1) year or until the termination of the then current agreement between the Union and the Company, whichever is the shorter, unless I give notice revoking this assignment and authorization during the ten-day period immediately following the end of such period of irrevocability. Such a notice revoking this assignment and authorization shall be given by written notice delivered by registered mail to the Local Union and the Company.

Signature _____

Clock No. _____

Date _____"

Section 2.03.1

The Company will deal with such committeemen as the Union may designate on all questions pertaining to rates of pay, wages, hours of employment and other conditions of employment in accordance with the procedure set forth herein. Except in cases where such practice might deprive employees of representation, the Union agrees to limit the number of committeemen to one for each foreman, and in order to facilitate the handling of employee problems the Union agrees that:

(1) Departmental committeemen will be members of the department which they represent.

(2) Chief Committeemen will be members of one of the departments which they represent.

(3) The General Plant Negotiating Committee shall be composed of department Chief Committeemen not to exceed seven (7) in number, nor to be less than four (4) in number, including the President and Vice President of the Union.

(a) In cases of contract or wage negotiations, the committee shall be supplemented by one representative from crafts, ONE FROM THE SPECIALTY DIVISION, AND THE RECORDING SECRETARY.

Section 2.03.2

No employee will be recognized as a Union Committeeman unless the Company has been notified in writing of his committeeman status by the Union. The Company will furnish the Union a list of all foremen and shall keep the Union currently notified of any changes in the supervisory staff.

Section 2.03.3

(1) Should it be necessary for a committeeman or member of the Plant Negotiating Committee to leave his work during his regular working hours for the purpose of investigating a complaint, he shall inform his immediate foreman of the matter and arrange with him for his absence from the job. If it is necessary for a committeeman or Union officer to enter any department other than his own, for the purpose of investigating a complaint or performing other authorized Union business, he shall immediately upon entering the department, notify the foreman of his presence and the purpose of his visit.

(2) A COMMITTEEMAN WHO IS ON A CONTINUOUS OPERATION SHALL BE RELIEVED AS SOON AS POSSIBLE IN ORDER TO CONTACT AN EMPLOYEE IF A DISPUTE ARISES BETWEEN THE EMPLOYEE AND HIS SUPERVISOR IN ORDER THAT THE COMMITTEEMAN MAY INVESTIGATE THE COMPLAINT.

Section 2.03.4

Should a member of the Plant Negotiating Committee be required to enter the plant outside his working hours to investigate a complaint, he shall procure a pass from the employment manager, personnel director or night superintendent before entering the plant.

THE CHAIRMAN OF THE PLANT NEGOTIATING COMMITTEE SHALL BE PERMITTED TO ENTER THE PLANT AT ANY TIME DURING WORKING HOURS WITHOUT SECURING PERMISSION PROVIDING HE REPORTS TO THE GUARD UPON ENTERING AND LEAVING THE PLANT.

Upon proper approval by both parties, the Company agrees to pay committeemen and members of the Plant Negotiating Committee at their average hourly earnings for all time lost while engaged in negotiations or arbitration with the Company, provided, however, that such lost time does not exceed a total of more than one hundred (100) hours per month. It is further agreed that time spent by the Committeemen or Committees when the Company requests the meeting or conference shall be paid for by the Company at average hourly earnings, and such time shall not be considered in arriving at the total number of hours spent in negotiating or arbitrating with the Company in any one month. It is further agreed that reporting-for-work pay shall not apply in cases where employees attend a Company-requested meeting or conference.

ARTICLE 3

Grievance Procedure

Section 3.01

NORMALLY AN EMPLOYEE'S INDIVIDUAL PROBLEM SHALL BE REFERRED INITIALLY TO HIS IMMEDIATE SHIFT FOREMAN VERBALLY BY THE EMPLOYEE CONCERNED. IF HE SO DESIRES, HIS COMMITTEEMAN MAY ACCOMPANY HIM. IF THE PROBLEM IS NOT SETTLED AND IS TO BE PROCESSED THROUGH THE GRIEVANCE PROCEDURE, THEN THE FOLLOWING STEPS SHALL BE TAKEN:

(1) NOT MORE THAN THIRTY (30) DAYS FROM THE LAST OCCURRENCE OF THE INCIDENT WHICH CAUSED THE GRIEVANCE (EXCEPT PROTESTS OF RATES, WHICH FOLLOW TIME LIMITS OF SECTION 8.08) IT SHALL BE REDUCED TO WRITING, PROPERLY SIGNED BY ONE OR MORE OF THE EMPLOYEES AFFECTED AND BY THE DEPARTMENT COMMITTEEMAN, AND PRESENTED BY THE COMMITTEEMAN TO THE IMMEDIATE SHIFT FOREMAN OF THE EMPLOYEE OR EMPLOYEES AFFECTED. THE PARTIES SHALL MEET WITHIN TWO (2) WORKING DAYS FROM RECEIPT OF THE WRITTEN GIREVANCE BY THE FOREMAN FOR THE PURPOSE OF DISCUSSING AND ENDEAVORING TO RESOLVE THE GRIEVANCE. THE FOREMAN'S WRITTEN REPLY WILL BE PRESENTED TO THE COMMITTEEMAN INVOLVED WITHIN ONE (1) WORKING DAY AFTER THE MEETING. IF THE MATTER HAS NOT BEEN SATISFACTORILY SETTLED THEN:

(2) WITHIN TWO (2) WORKING DAYS THE CHIEF COMMITTEEMAN WILL MAKE AN APPOINTMENT WITH THE DEPARTMENT MANAGER FOR A MEETING, DURING WHICH A FURTHER ATTEMPT WILL BE MADE TO SETTLE THE GRIEVANCE. THE CHIEF COMMITTEEMAN SHALL ADD HIS COMMENTS TO THE WRITTEN GRIEVANCE AND PRESENT THE GRIEVANCE TO THE DEPARTMENT MANAGER AT THE TIME OF ARRANGING FOR A MEETING WITH THE DEPARTMENT MANAGER, WHO SHALL ARRANGE FOR SUCH MEETING WITHIN THREE (3) WORKING DAYS FROM HIS RECEIPT OF THE GRIEVANCE. THE DEPARTMENT MANAGER'S WRITTEN REPLY WILL BE PRESENTED TO THE CHIEF COMMITTEEMAN INVOLVED WITHIN ONE (1) WORKING DAY AFTER THE MEETING.

(a) NO GRIEVANCE, VERBAL OR WRITTEN, WITHDRAWN OR DROPPED BY THE UNION OR GRANTED BY THE MANAGEMENT, PRIOR TO THE FINAL STEP (3) OF THE GRIEVANCE PROCEDURE, WILL HAVE ANY PRECEDENT VALUE.

(3) IF THE GRIEVANCE IS STILL UNSETTLED THE CHIEF COMMITTEEMAN SHALL THEN REFER THE MATTER TO THE CHAIRMAN OF THE UNION NEGOTIATING COMMITTEE, WHO MAY WITHIN FIVE (5) WORKING DAYS AFTER RECEIPT OF THE DEPARTMENT MANAGER'S REPLY REQUEST THAT A MEETING BE HELD WITHIN ONE (1) WEEK WITH THE PERSONNEL DEPARTMENT DURING WHICH A FURTHER ATTEMPT WILL BE MADE TO SETTLE THE GRIEVANCE. EXCEPT IN EXTREME EMERGENCY ALL THIRD STEP MEETINGS SHALL BE SCHEDULED TO START NOT LATER THAN 1:30 P.M. UNLESS OTHERWISE AGREED TO. UNLESS THE PERSONNEL DEPARTMENT'S FINAL WRITTEN ANSWER IS GIVEN WITHIN FIVE (5) WORKING DAYS THE GRIEVANCE MAY AUTOMATICALLY MOVE TO THE NEXT STEP OF THE GRIEVANCE PROCEDURE.

SETTLEMENTS AT STEPS (1), (2), or (3) ABOVE SHALL BE REDUCED TO WRITING AND SIGNED BY PROPER UNION AND COMPANY REPRESENTATIVE.

In such instances where additional time is required at any step by either party to investigate or make further analysis of the problem or because of the necessity of time studies such time as required will be mutually agreed upon by the parties. Both parties shall keep the other informed of the progress being made. Immediately upon completion of the findings as a result of the above extension, both parties shall review the results and the party who requested the extension shall then make their final answer in writing within two (2) working days to complete the grievance step involved.

Section 3.01.2

At the request of the Local Union, not more than two (2) International Union Representatives shall be permitted to participate in discussions of grievances at top management level, unless mutually agreed to.

Arbitration

Section 3.02

In the event a complaint, grievance or dispute filed by either of the parties to this agreement remains unsettled upon conclusion of negotiations as outlined in Section 3.01 above, either party may within TWO (2) WEEKS thereafter notify the other party in writing of its desire to submit the matter to a Board of Arbitration in the following manner:

Within FIVE (5) working days from the receipt of such notice the parties will meet and have an understanding of the question or questions to be submitted for arbitration and each party shall, at such meeting, submit to the other party the name of its arbitrator. The two arbitrators so chosen shall within three (3) days jointly request the American Arbitration Association, Philadelphia, Pa., to appoint the Chairman of the Board of Arbitration. The Arbitration Board so selected shall fix a hearing date, meet and consider the complaint, and, if possible, render a decision within two (2) weeks after completing hearing, which decision shall be final and binding on all parties. The Arbitration Board may interpret this agreement and apply it to the particular case presented to it, but shall, however, have no authority to add to, or subtract from, or modify the terms of this agreement. Each party shall be responsible for the costs of its arbitrator and shall share equally the costs of the third arbitrator.

(1) It is understood that the question of a general or plantwide wage adjustment cannot be submitted to a Board of Arbitration for settlement.

ARTICLE 4

Interruption of Work

Section 4.01

The Union agrees that it will not encourage, sanction or approve any strike, stoppage, slowdown or other interruption of work while this agreement is in force and effect. The Union further agrees that, in the event employees should engage in any activities which interfere with the Company's normal operations, it will, as soon as possible after being informed by the Company that such activities exist, take reasonable action to induce employees engaging in such activities to resume work in a normal manner. The Company agrees that there will be no lockout during the term of this agreement.

It is understood and agreed that there shall be no liability on the part of the International Union, the Local Union, or any of their officers or agents by reason of any unauthorized strike, stoppage, slowdown or other interruption of work by employees during the life of this agreement. In the event there is an unauthorized strike, stoppage, slowdown, or other interruption of work by employees during the life of this agreement, the Company may impose disciplinary measures upon the employees responsible therefor in accordance with provisions of this agreement.

Section 4.01.1

If any of the acts prohibited by Section 4.01 above occur during the term of this agreement, the parties shall not discuss nor negotiate, nor shall a Board of Arbitration or arbitrator hear or rule on any problem or grievance related to such acts until such time as the prohibited acts are discontinued.

ARTICLE 5

Suspensions

Section 5.01

An employee who has been suspended shall be given a hearing within two (2) working days in the presence of a Union representative before further disciplinary action is taken.

Section 5.02

If an employee feels that he has been unjustly discharged, he shall have the right to appeal his case in accordance with the grievance procedure set forth in Section 3.01. Such appeal must be in writing and must be made within FOUR (4) working days from the effective date of notification of the discharge. In the event such appeal is properly made, the matter shall be negotiated through the regular channels as set forth in Sections 3.01 and 3.02 and if it is determined that the employee has been unjustly discharged, he shall be reinstated to his former position without loss of seniority and shall be compensated at his average rate of earnings based on the last two (2) pay periods worked, for all time lost because of the discharge. If, however, extenuating circumstances show that the employee should have been penalized for some infraction of the rules or regulations, HE MAY BE REINSTATED with or without back pay. In no event shall the Company's responsibility to pay back pay exceed seventy-five (75) days' pay.

ARTICLE 6

Regulation of Hours

Section 6.01.1

The hours of work in any twenty-four (24) hour period and during and work-week will be flexible and shall be determined by production requirements. So long as it is necessary to operate the plant five (5) or more days per week, operations will be scheduled on the basis of eight (8) hour shifts.

Section 6.01.2

The work-week shall commence at 7 A.M. on Monday of each week and end at 7 A.M. the following Monday.

Section 6.01.3

All time worked in excess of eight (8) hours in any twenty-four (24) hour period or forty (40) hours in any regularly scheduled work-week, shall be paid for at the rate of time and one-half except that all hours for which premium time is paid on a daily basis will be excluded from the calculation of hours for weekly overtime wage payment. In case of arrangements by the employee for a temporary shift change, the daily overtime shall not apply if occasioned by such change.

Section 6.01.4

In the event it becomes necessary to reduce the work-week schedule to four (4) days or less per employee per week, daily work schedules will be maintained on a basis which will give the fullest consideration possible to the employees' convenience, efficiency of plant operations, deliveries to customers, and any applicable governmental regulations regarding hours of work.

Section 6.01.5

(1) It is agreed that employees will not be required to share the available work to thirty-two (32) hours or less for more than four (4) weeks in any ninety (90) calendar day period, commencing with the Monday of the first reduced work-week, unless a change is mutually agreed to between the Company and the Union. Thereafter lay-offs or transfers will be made until the remaining employees are returned to a regular 5-day week schedule. Nothing in this paragraph shall be construed to mean that employees may not be laid off in accordance with Article 14, Section 14.01, as soon as it is determined by the parties that a reduced schedule of production will continue for a period in excess of the limitations set forth above.

(2) THE PROVISIONS OF SECTION 6.01.5 (1) ABOVE SHALL NOT INCLUDE THE FOLLOWING:

(a) ANNUAL INVENTORY SHUTDOWN
(b) THANKSGIVING WEEK
(c) CHRISTMAS WEEK
(d) NEW YEAR'S WEEK

Section 6.01.6

Insofar as practical, all hours of work in a department, both regular and overtime hours, shall be divided equally among the employees in the job classification which ordinarily performs the work available. All work not ordinarily performed within a specific job classification shall, insofar as practical, be divided equally among the employees in the department. (REFER TO DEPARTMENT PRACTICE)

ARTICLE 7

Overtime Rates of Pay

Section 7.01.1

Compensation at the rate of one and one-half times the regular rate of pay shall be paid for all work in excess of eight (8) hours in any twenty-four (24) hour period, or forty (40) hours in any work-week. In case of arrangements by the employee or his representative for a temporaty shift change, the daily overtime shall not apply if occasioned by such change.

Section 7.01.2

Compensation at the rate of one and one-half times the regular rate will be paid for all work performed on the sixth day worked in the regularly scheduled work-week.

Section 7.01.3

For the purpose of computing overtime for the sixth day, time lost on any day of the work-week will be considered as time worked if the absence is due to any of the following reasons:

(1) When work is not performed on any of the following EIGHT (8) holidays;

New Year's Day	Memorial Day	Labor Day	* DECEMBER 24th
Easter Monday	Independence Day	Thanksgiving Day	Christmas Day

* IN 1961 ONLY, NOVEMBER 24 IS SUBSTITUTED FOR DECEMBER 24.

(2) Time lost on account of breakdown or shutting down of plant, department or operation due to unusual causes OR VACATION SHUTDOWN.

(3) Where the employee reports for work at his regular shift starting time and has qualified for reporting-for-work pay.

(4) Injury to employees incurred in plant, supported by evidence satisfactory to the Company.

(5) Absence due to illness or injury not incurred in the plant where such illness or injury requires the employee to remain at home, in a clinic or hospital, providing necessity for absence is substantiated by a reliable physician within forty-eight (48) hours from the time employee returns to work. (Not to exceed THREE (3) days.)

(6) Absence as a result of death of the employee's wife, husband, father, mother, sister, brother, son, daughter, mother-in-law, father-in-law, guardian or ward.

(7) Absence due to attending a funeral other than as listed in (6) above. (Not to exceed one (1) day.)

(8) Negotiations with the Company by an elected Union Officer or Committeeman, or attendance at a Union meeting by a Union Officer or Committeeman, providing proper notification is received from a qualified Union Officer.

(9) Attending court as a witness under subpoena, or serving on a jury. (Actual time required, if properly substantiated.

(10) Reporting for physical examination at request of Draft Board or Veterans' Administration.

(11) Tardiness OR ABSENCE NOT TO EXCEED TWO (2) DAYS for such justifiable reasons as severe weather conditions, transportation difficulties, etc. If this privilege is abused, proper steps will be taken to correct same.

(12) WHEN WORK IS NOT PERFORMED BY EMPLOYEES ON ANY DAY, MONDAY THROUGH FRIDAY, AT THE COMPANY'S REQUEST. THIS DOES NOT APPLY TO EMPLOYEES ON OPERATIONS REQUIRING

Section 7.01.4

Compensation at the rate of double time will be paid for all work performed during the twenty-four (24) hour period starting 7 A.M. on Sundays. This double time compensation shall not, however, apply to those first shift employees whose schedule calls for a starting time prior to 7 A.M. on Monday.

Section 7.01.5

It is further agreed that any questions not covered by this agreement that may arise regarding overtime rates of pay and premium pay shall be resolved in accordance with the grievance procedure established in this agreement.

ARTICLE 8

Wages

Section 8.01

The Company and the Union recognize that a high level of wages can be maintained only by maintaining a high level of productivity. The Union agrees to cooperate with Management to attain the best productivity possible which is consistent with fair and reasonable labor practices. The Union will support Management's effort to improve production, establish efficient methods, eliminate wast, conserve material and supplies, and improve the quality of the workmanship.

Section 8.02

Individual piece-work and hourly rates shall be a proper subject for negotiation. It is agreed, however, that present existing differentials in all basic rates shall be binding for the life of this agreement.

Section 8.03

When employees are temporarily transferred or assigned to work on an operation other than their regular job when there is work available on their regular job, they shall be paid the rate of the job assigned or the rate of their regular job, whichever is higher.

Section 8.03.1

If an hourly paid employee is assigned to work in a group or pool operation, he shall be paid an allowance equal to that which would have been earned by the regular individual he replaced.

Section 8.04

IF FOR ANY REASON WORK IS NOT AVAILABLE ON AN EMPLOYEE'S REGULAR JOB AND HE IS ASSIGNED OTHER WORK, HE SHALL RECEIVE THE ESTABLISHED RATE FOR THE JOB TO WHICH HE IS ASSIGNED OR HIS AVERAGE HOURLY EARNINGS, WHICHEVER IS HIGHER. IF, AT THE REQUEST OF MANAGEMENT, AN EMPLOYEE ACCEPTS AN OFFER OF OTHER WORK, HE SHALL RECEIVE THE ESTABLISHED RATE FOR THE JOB PERFORMED.

ANY WORK PERFORMED UNDER SECTIONS 8.03 or 8.04 ABOVE SHALL NOT BE CONSIDERED A VIOLATION OF SECTION 6.01.6 OF THIS AGREEMENT.

Section 8.06

An employee who is temporarily assigned to work on an operation which does not have a piece-work rate or an hourly rate, when there is work available on his regular job, or an employee who is "off standard", shall be paid on the basis of his past STRAIGHT TIME average earnings based on the last four pay periods.

Section 8.07

Upon the introduction of any new item into production or the reestablishing of an operation that has been previously discontinued, or where it is necessary to change the method, machinery, tools, material, design or production conditions of an item and the elements or factors of time, material, mechanical devices or work performances are extensively rearranged, the piece-work rate shall be arrived at by the use of present time study practices. When it is necessary to make such changes or establish new rates, the established relationship between earnings and effort will be maintained.

Section 8.07.1

In cases where it is not possible to use the full time of a fully qualified day-worker, he will receive the regular day-work or allowance rate of his classification, provided he satisfactorily performs the work that is assigned. However, if later it is possible to more fully use the time of the employee on a similar type of work, he shall perform the additional assignments without change in the regular day-work or allowance rate of the classification.

Section 8.08

When it is necessary to revise rates or establish new rates, such rates shall be posted on the bulletin board in the department affected, and a copy furnished the president of the Local Union, and shall become effective no sooner than twenty-four (24) hours after posting. After the new OR REVISED rates are effective the employees concerned shall give a fair and reasonable trial to said rates for a period of ten (10) WORKING days DURING WHICH THE NEW OR REVISED RATES ARE IN USE, after which time, if the rates are found to be unsatisfactory, they may enter a protest regarding said rates within FIVE (5) WORKING DAYS AFTER THE TENTH (10TH) DAY OF TRIAL PERIOD. Any protest with regard to rates will be handled through the regular grievance procedure as provided by this agreement. If, as a result of such protest, it is found that any adjustments are justifiable, such adjustments shall be made retroactive to the effective date of such rates.

Section 8.09

During the first ten (10) working days that a new or revised piece-work rate is in effect, employees shall be guaranteed an amount equivalent to 90% of their past average straight time hourly earnings. Earnings to be based upon the last four (4) pay periods that employees worked on piece-work.

Section 8.10

In an instance where a grievance involves a piece-work rate and the question has not been resolved at a third step meeting, the company, upon request of the Union, will permit a qualified International Union time study engineer to make studies of the operation covered by the piece-work rate, or other mutually agreed upon operation which would serve to facilitat settlement of the grievance. Any such studies by the Union time study engineer shall be made in company with a time study engineer of the Company and a comparison of the results of their studies shall be made available to either party.

Section 8.11

Upon request, pertinent time study data and other information used in determining any new, revised, or reinstated piece-work rate, will be made available to the Union representatives for inspection in the Company's office.

Section 8.12

The Company shall cooperate with the Local Union in the training of Local time study engineers by permitting practice studies to be taken on any operation approved by the Company.

Section 8.13

When employees are given an assignment to assist in development of a product or a production process under the direction of the Technical Department, they shall be paid at the rate of their average straight time hourly earnings based on the last four (4) pay periods they worked on their regular job.

Section 8.14

When women are assigned to work on men's jobs, and all elements of work in the operation previously performed by men are performed by the women, the base rate or other rate of pay shall be the same as was paid to men previously performing the job.

Section 8.15

When an experienced piece-worker loses time due to power interruption, electrical or mechanical breakdown, or waiting for stock, he shall be paid 15% above the established day-work rate of the job for the delay period or until dismissed or assigned other work. However, no payment will be made for less than fifteen (15) minutes waiting time per shift.

It is understood that a piece-worker shall notify supervision as soon as possible after the start of the delay for which allowance is claimed. During such delay period for which the piece-worker receives payment, he shall be available to perform his regular operation. In no event shall any such delay allowance exceed the employee's average hourly earnings.

Section 8.16

When an employee is injured on the job and requires first aid, he shall be paid his straight time average hourly earnings for time lost while receiving first aid on the Company premises. If the injured employee is sent home he shall be compensated at his average straigh time hourly earnings for the portion of the shift not actually worked.

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An employee who becomes ill on the job and requires first aid shall be paid for time lost at the stablished day-work rate of his job while receiving first aid on the Company premises.

Section 8.17

A night shift premium of six cents (6¢) per hour will be paid for all hours worked between 7 P.M. and 7 A.M.

Section 8.18

Any employee with at least thirty (30) days Company service who is required to serve on a municipal, county or federal jury, or grand jury, shall be paid the difference between the amount paid for such service and his average straight time hourly earnings for time lost from his scheduled shift by reason of such service, subject to the following provisions:

(a) Employees must notify their supervision within twenty-four (24) hours after receipt of notice of selection for jury duty.

(b) An employee called for jury duty who is temporarily excused from attendance at court must report for work if sufficient time remains after such excuse to permit him to report to the plant and work at least one-half (1/2) his normal work shift on the shift assigned to him for the duration of his jury duty.

(c) An employee selected for jury duty who is on other than the first shift will be assigned to the first shift for those days he is required to serve as a juror.

(d) In order to be eligible for such payments, the employee must furnish a written statement from the appropriate public official showing the date and time served and the amount of pay received.

All the provisions of section 8.18 shall also apply to any employee required to appear as a subpoenaed witness.

Section 8.19

An employee with at least thirty (30) days' Company service who is absent from work to attend the funeral of his parent, brother, sister, child, spouse, mother-in-law, father-in-law, or a dependent who lives in his household, shall be paid his straight time average hourly earnings if a piece-worker, or his current hourly rate if an hourly rated employee, for the time lost from his regularly scheduled work shift by reason of such funeral during a period of not to exceed three (3) days at the time of such death.

Section 8.20

An employee with at least thirty (30) days' Company service who is a member of a reserve component of the armed forces who is required to enter upon active annual training duty shall be paid the difference between the amount of pay he received from the federal or state government for such duty and his normal weekly earnings (Calculated on a basis of his straight time average hourly earnings for the last four (4) completed pay periods if a piece-worker, or his current hourly rate if he is an hourly rated employee, multiplied by the hours in the normal work-week of his job classification) for the time lost while on such duty up to a maximum period of two (2) weeks per year. Such items as subsistence, rental and travel allowance shall not be included in determining pay received from the government.

ARTICLE 9

Reporting for Work

Section 9.01

When an employee reports to work at the customary time without being notified to the contrary by the Company, or reports to work at a time requested by the Company and is assigned no work, he shall be paid an amount equivalent to a sum of one-half his normal shift time, not to exceed four (4) hours at his established day-work rate. If he is assigned to work for a lesser period of time than one-half his normal shift time, he shall be paid his day-work rate for that part of the one-half shift time in which work is not made available to him. Payment for reporting for work or lost time as provided in this section will only be made under normal plant operating conditions.

Section 9.02

Employees absent from work for any personal reasons, other than definite understanding with their supervisors, will not be eligible for reporting-for-work pay.

Section 9.03

Employees may be notified not to report for work either before leaving the plant on their preceding shift, by telephone or visitation by Company representative prior to the time they customarily leave their home for reporting for work.

ARTICLE 10

Vacations

Section 10.01

One week's vacation with pay shall be granted to each employee who has been in the service of the Company for one year; two weeks' vacation with pay shall be granted to each employee who has been in the service of the Company for three (3) years; three weeks' vacation with pay shall be granted to each employee who has been in the service of the Company for TEN (10) years; and four weeks' vacation with pay shall be granted to each employee who has been in the service of the Company for TWENTY-TWO (22) years or more.

Section 10.01.1

IN THE EVENT AN EMPLOYEE IS ON VACATION AND IT BECOMES NECESSARY FOR HIM TO ATTEND THE FUNERAL OF A RELATIVE AS PROVIDED IN ARTICLE 8, SECTION 8.19, THE VACATION SCHEDULE SHALL BE EXTENDED BY THE NUMBER OF DAYS HE IS ELIGIBLE FOR PAYMENT UNDER SAID SECTION PROVIDED HE NOTIFIES THE EMPLOYMENT OFFICE PROMPTLY OF THE FUNERAL AND IN SUFFICIENT TIME FOR THE COMPANY TO SECURE A REPLACEMENT.

Section 10.02

A week's pay shall be computed on the basis of the employee's average straight time hourly earnings (overtime premium excluded) during the last four (4) complete pay periods preceding date of vacation pay multiplied by the average number of hours per week worked by the employee from January 1st of the current year to the end of the last complete pay period preceding vacation or forty (40) hours, whichever is greater.

In order to provide a vacation week for the greatest number of employees during the summer months, the plant will be closed for the week starting August 13, 1962 and August 12, 1963.

The plant will also be closed for the week STARTING DECEMBER 25, 1961 AND DECEMBER 24, 1962.

The above two shut-down weeks shall be considered as voluntary vacation periods and all eligible employees must take one week of their vacation during each of these two shut-down weeks except as follows:

(a) Any employees whose services are required for necessary receiving, shipping, maintenance, test car driving, or emergency work.

(b) Any laid-off employee with seniority who is recalled after the designated August vacation shut-down week.

(c) Any of the above employees brought in to work during a vacation shut-down week, who are eligible for vacation time off at that time, will be scheduled for not less than forty (40) hours on their own job, if such work is available otherwise on any work available in the plant. Any exceptions to the above shall be only by mutual agreement.

Section 10.03.1

Except as provided in Section 10.03(b) above, no vacation pay will be authorized by the Company unless a vacation is taken by the employee, or unless mutually agreed to between the Company and the Union.

Section 10.03.2

In the event an extreme emergency should arise and the company should deem it impractical to shut down for either week, as provided in Section 10.03, employees shall be subject to any revised vacation program mutually agreed to.

Section 10.04

Except as provided in Section 10.03, vacations will be scheduled between January 1st and December 31st. Employees with the longest seniority shall be given first preference in scheduling vacations, which shall be arranged in such a manner as to best insure the orderly and efficient operation of the plant. When vacation schedules are being arranged all vacation slips must be returned within ten (10) days of receipt by the employee.

Section 10.05

Upon completion of one, three, TEN, or TWENTY-TWO years' service, employees shall become eligible for vacation privileges for the current year.

Section 10.06

When an employee is transferred to another job classification, his scheduled vacation may have to be changed if it interferes with vacations previously scheduled for other employees in the job classification to which transferred.

All requests for changes in a scheduled vacation must be made at least one (1) week in advance.

Section 10.08

Employees who are entitled to a vacation at the time of separation from the Company payroll shall be granted any vacation pay due them at time of separation provided such separation is not due to theft on Company property.

Section 10.09

An employee whose service with the Company is terminated on account of death shall be entitled to vacation pay for any untaken vacation due at time of death.

ARTICLE 11

Holiday Pay Provisions

Section 11.01

The Company recognizes the following holidays:

New Year's Day	Memorial Day	Labor Day	*THE DAY BEFORE CHRISTMAS
Easter Monday	Independence Day	Thanksgiving Day	Christmas Day

* FOR 1961 ONLY, THE DAY AFTER THANKSGIVING (NOVEMBER 24) IS SUBSTITUTED FOR THE DAY BEFORE CHRISTMAS.

and will pay at straight time to each hourly employee who does not perform work for the Company on such holidays an amount equivalent to the number of hours in the employee's standard daily work shift for the week in which the holiday occurs, including night shift bonus, multiplied by his individual hourly rate, or his average straight time piece-work earnings for the week in which the holiday occurs, subject to the following requirements and conditions:

Section 11.01.1

To be eligible for such holiday pay the employee must work his last regularly scheduled shift prior to and his first regularly scheduled shift after the holiday, except as specified hereafter:

If an employee works only one of the two above-named shifts and is absent on the other qualifying shift because of:

1. A disabling injury;
2. Proven unavoidable illness of 3 or more working days duration;
3. Authorized leave of absence;
4. Regularly scheduled vacation;
5. Lay-off within ten (10) days prior to holiday or recall within ten (10) days following holiday;

he shall be entitled to pay for the unworked holiday providing all other conditions of this Agreement are complied with.

Section 11.01.2

An employee absent on his last regularly scheduled shift prior to or his first regularly scheduled shift after the holiday on account of attending a funeral, shall be entitled to holiday pay providing the absence does not exceed one (1) week and providing all other provisions of this section are complied with.

Section 11.01.3

When one of the above holidays falls within the period an employee is on vacation and he is absent from work because of such vacation, the employee will be paid for such holiday in addition to his regular vacation pay; such employee shall not, however, receive an extra day of vacation in lieu of the holiday.

Section 11.01.4

Payment for the holiday will not be made under any of the following circumstances:

(a) When the employee's regular job assignment requires him to work on the holiday or when he accepts a temporary work assignment on a holiday, and is absent on such holiday.

(b) When an employee accepts a temporary work assignment on a day between his last regularly scheduled shift and the holiday and is absent on such day.

(c) When an employee accepts a temporary work assignment on a day between the holiday and his first regularly scheduled shift after the holiday and is absent on such day.

Section 11.01.5

When a holiday occurs during a period in which an employee is entitled to receive Workmen's Compensation or Sick & Accident benefits under the Company's Group Insurance Plan he shall receive pay for the holiday based on his average daily earnings during the last pay period worked unless the per diem amount he is entitled to receive under Workmen's Compensation AND WORKMEN'S COMPENSATION SUPPLEMENTAL, or Group Insurance.

Section 11.01.6

When any of the above holidays falls on Sunday and the day following is observed as the holiday by the state or federal government, such day shall be recognized as the holiday.

Section 11.01.7

In the event an employee's daily work assignment, during the week in which the holiday occurs, should consist of part piece-work and part hourly work, the holiday pay shall be computed according to the employee's average daily pay for the week.

Section 11.01.8

Employees with less than thirty (30) days' service with the Company shall not be eligible for holiday pay.

Section 11.01.9

Compensation at the rate of double the straight time rate will be paid for all work performed during the twenty-four (24) hour period starting 7 A.M. on the above named EIGHT (8) holidays in addition to the straight time pay provided for employees who qualify under the above provisions of this section.

ARTICLE 12

Seniority

Section 12.01

Seniority is preference or priority by length of service with definite rights qualifying employees for work when work is available, the purpose of which is to provide a declared policy of work security, measured by AN EMPLOYEE'S PERIOD OF CONTINUOUS SERVICE WITH THE COMPANY STARTING WITH HIS LAST HIRING DATE.

Section 12.02

Time actually spent on the active payroll, plus properly approved absences, shall be counted as continuous service in determining seniority rights for the purpose of vacation eligibility, job placement, lay-offs and recalls. Employees on leave of absence will not accumulate seniority while on leave if they have less than twelve (12) months' active service at the time the leave of absence is granted.

Section 12.03

Time off the payroll will be counted as continuous service without deduction for time lost when an employee of five (5) years or less of Company service is sick or suffers an outside injury provided such absence does not continue for a period of more than one (1) year, provided, however, that such employee does not accept employment elsewhere. Employees with five (5) or more years of service with the Company will be carried for a minimum of two (2) years provided disability continues, and provided the employee does not accept employment elsewhere. To qualify under this paragraph, employees must be on an authorized leave of absence.

Section 12.04

Seniority will be broken for the following reasons only:

(1) If an employee quits.
(2) If an employee is discharged for just cause.
(3) If an employee is absent from work MORE THAN FIVE (5) CONSECUTIVE WORKING DAYS without properly notifying the Company.
(4) If an employee, while on lay-off, fails to notify the Company of his intentions to return to work within three (3) working days of the receipt of notification to return to work.
(5) If an employee, while on lay-off fails to return to work within seven (7) days after receiving notice to return to work.

Section 12.05

Employees having seniority rights at the time of lay-off will be carried on the seniority list during periods of lay-off on the following basis:

(1) Employees having less than twelve (12) months of Company service credit at the time of lay-off will retain their Company service credit and recall rights for a period of one (1) year from the date of lay-off.

(2) Employees having more than one (1) year, but less than two (2) years of Company service credit at the time of lay-off may retain their Company service credit and recall rights for a period of two (2) years from the date of lay-off by registering at the Employment Office during the thirteenth (13th) month of lay-off.

(3) Employees having two (2) years or more ofCompany service credit at the time of lay-off may retain their recall rights by registering at the Employment Office every twelve (12) months of lay-off. An employee who had more than two (2) years of Company service at the time of lay-off and who is recalled at any time shall be given his previous service plus service credit for the time laid off providing such service credit will not exceed two (2) years for any single period of lay-off.

(4) For the purpose of administering the seniority provisions of this agreement in connection with lay-offs, recalls and the filling of vacancies, male and female employees will be considered as two separate units.

(5) THE COMPANY WILL FURNISH A LAID OFF EMPLOYEE A COPY OF HIS RECALL RIGHTS UNDER THIS SECTION AT THE TIME OF LAY-OFF.

Section 12.06

(1) No employee will be credited with seniority until he has acquired thirty (30) days service with the Company, after which time his hiring date shall be counted as his service date.

(2) EMPLOYEES WITH THE SAME HIRING DATE WILL BE CARRIED ON THE SENIORITY REGISTER IN THE FOLLOWING ORDER:

1st - SHIFT ON WHICH STARTED
2nd - DATE OF APPLICATION
3rd - ALPHABETICALLY BY LAST NAME

Section 12.07

In order to protect their seniority, it is the responsibility of the employees to keep the Company and the Union informed of their current addresses while on lay-off.

Section 12.08

A master seniority list shall be provided by the Company and shall be kept up to date at all times during the life of this agreement. Departmental lists of seniority shall be provided by the Company and shall be posted on the bulletin board in each department.

Section 12.09

Should a factory employee in a position outside the bargaining unit at the Conshohocken plant desire to transfer to a position in the bargaining unit such transfer shall be made only at the lowest job level or on a job posting where there have been no applicants, providing there are no employees on lay-off with at least two (2) years

seniority, after which transfer the transferred employee shall be entitled to retain his Company seniority, except that he shall not be permitted to use his Company seniority in applying for any other job until six (6) months have elapsed since his transfer to the bargaining unit.

ARTICLE 13

Filling of Jobs

Section 13.01

Notwithstanding the posting provisions of Section 13.02 of this article, employees with ten (10) or more years' continuous service, who, on account of age or physical disability incurred from date of employment with the Company are unable to satisfactorily perform work on their regular jobs, shall be given assignments to other jobs which they are able to satisfactorily perform, if such work is available. This paragraph will be applied only upon mutual consent of the Company and the Union and shall not be deemed in any way to give anyone super-seniority, but shall however have precedence over Section 13.07.

Section 13.02

Notices of vacancies shall be posted within fifteen (15) calendar days; when new jobs are created such vacancies shall be posted within thirty-one (31) calendar days unless changed by mutual agreement. All such postings shall be made on the bulletin board in the department where the vacancy exists and on the main bulletin board for two full regular working days before the vacancy is filled. The oldest employee in point of service who has filed application for such vacancy shall be given the first opportunity on the job, providing he can qualify to do the work available. Qualifying written tests will be given on such jobs as require them in order to adequately determine the applicant's qualification to perform the job.

Eligibility lists established under this section 13.02 shall be void after sixty (60) days.

Section 13.03

If an employee who is transferred to another job in accordance with Section 13.02 above fails to make satisfactory progress within a reasonable time, not to exceed the period specified in Schedule A, appended hereto, he shall be returned to his former job.

Section 13.04

When a vacancy REQUIRING POSTING occurs in a group or pool operation, it shall be the privilege of qualified employees within the group to move according to seniority and any resultant vacancy in the group or pool will be filled at the lowest vacant level in the group. In order to qualify for a vacancy in a group operation, applicants must be capable and willing to learn to handle any job in the group.

Section 13.05

When vacancies occur because of leave of absence they shall be filled in accordance with Section 13.02 of this article except that the permanency of the job shall be contingent upon the leave of absence which caused the vacancy. In the event the employee returning from leave of absence does not return to the job from which leave of absence was granted, or does not remain on such job for at least thirty (30) days, or does not return from leave of absence, the employee who has been filling the job on a temporary

basis shall remain on the job in a permanent status, providing he has at least ten (10) years seniority AND HAS EXHIBITED TO THE SATISFACTION OF THE PROVISIONS OF SECTION 13.06.

Section 13.06

When equipment is transferred from one department to another, employees required to perform the operations transferred to the new department shall have first option of being transferred to this equipment, otherwise the provisions of Article 14 shall apply.

Section 13.07

Notwithstanding the provisions of Section 13.02 or 13.04 of this article, employees who are transferred to another job on account of a change in schedule or production requirements shall be given the first opportunity to return to their former job providing application to return to the former job is filed with the Employment Office within one (1) week from the date of transfer, and providing further that the employee is qualified to handle the job at the time the vacancy occurs. If the former job is within a group or pool as recognized by Schedule B, the employee must return to the first vacancy in the group or pool up to the level of his former job. Should he accept or reject this opportunity, his application for return will be considered completed. THE PRIVILEGE GRANTED UNDER THIS SECTION SHALL NOT BE AVAILABLE TO EMPLOYEES REMOVED FROM TEMPORARY VACANCIES.

Section 13.08

Upon termination of any temporary job, INCLUDING TEMPORARY VACATION SUBSTITUTES, the employee affected may replace any one of the last three (3) employees in the plant, PROVIDING HIS SENIORITY PERMITS. If he cannot meet the qualifications of any of these three (3) jobs he may replace the next employee on the job immediately above the last three (3) for which he can qualify.

Section 13.09

No new help will be hired until all qualified laid-off employees with service have been given an opportunity to return to work.

Section 13.10

(1) MEMBERS OF THE BARGAINING UNIT MAY BE USED AS TEMPORARY FULL-TIME FOREMEN FOR PERIODS NOT TO EXCEED NINETY (90) DAYS IN A CALENDAR YEAR UNDER THE FOLLOWING CIRCUMSTANCES:

(a) AS RELIEF FOR REGULAR FOREMEN DURING PERIODS OF ABSENCE;
(b) AS MAY BE NECESSITATED BY TEMPORARY INCREASES IN PRODUCTION REQUIREMENTS;
(c) IN ORDER TO DETERMINE THE BARGAINING UNIT EMPLOYEE'S QUALIFICATIONS FOR A PERMANENT SUPERVISORY ASSIGNMENT.

(2) UPON COMPLETION OF TEMPORARY ASSIGNMENT OR AT EXPIRATION OF THE MAXIMUM NINETY (90) DAY PERIOD, WHICHEVER OCCURS FIRST, EMPLOYEE WILL BE RETURNED TO HIS FORMER JOB OR GIVEN A PERMANENT ASSIGNMENT TO SUPERVISION.

(3) TEMPORARY ASSIGNMENTS TO SUPERVISION ON A DAILY BASIS FOR PERIODS OF LESS THAN A WEEK SHALL BE ACCUMULATIVE IN ARRIVING AT THE NINETY (90) DAYS MAXIMUM.

(4) EMPLOYEES DISPLACED BY A TEMPORARY FOREMAN RETURNING TO HIS FORMER JOB UNDER THE PROVISIONS OF THIS SECTION SHALL RETURN TO THEIR FORMER JOB.

Reduction in Work Force

Section 14.01

When it is necessary to reduce the forces in a department because of reduction in production requirements, THE YOUNGEST SENIORITY EMPLOYEE IN THE JOB CLASSIFICATION INVOLVED WILL BE LAID OFF FIRST, AS OUTLINED IN SECTIONS 14.01.1, 14.01.2, or 14.01.3. ASSIGNMENTS OF REMAINING EMPLOYEES IN THE JOB CLASSIFICATION WILL BE MADE IN ACCORDANCE WITH SECTION 14.02.

Section 14.01.1

Employees in the department affected who have less than thirty (30) days service shall be laid off first.

Section 14.01.2

An employee about to be laid off who has more than thirty (30) days service with the Company and less than three (3) years service, shall be permitted to replace any of the following:

(a) Any one of the last three employees in his department with less seniority.
(b) Any one of the last FIVE employees in his division with less seniority.
(c) Any one of the last FIVE employees in the rest of the plant with less seniority.
    (1) IF HE CANNOT MEET THE QUALIFICATIONS OF ANY OF THESE FIVE JOBS HE MAY REPLACE THE NEXT EMPLOYEE ON THE JOB IMMEDIATELY ABOVE THE LAST FIVE FOR WHICH HE CAN QUALIFY.

Section 14.01.3

An employee who has three (3) or more years service with the Company and who is about to be laid off shall be permitted to replace any of the following:

(a) Any employee in his department with less seniority.
(b) Any one of the last FIVE employees in his division with less seniority.
(c) Any one of the last FIVE employees in the rest of the plant with less seniority.
    (1) IF HE CANNOT MEET THE QUALIFICATIONS OF ANY OF THESE FIVE JOBS HE MAY REPLACE THE NEXT EMPLOYEE ON THE JOB IMMEDIATELY ABOVE THE LAST FIVE FOR WHICH HE CAN QUALIFY.

Section 14.01.4

In the event work on A JOB CLASSIFICATION falls to an average of twenty (20) hours or less per week per shift for three (3) consecutive weeks, the employee or employees affected shall have the right to exercise the privileges granted under SECTION 14.01.2 OR 14.01.3. The employee who exercises this privilege will not be permitted to exercise the option granted under Section 13.07 unless the work in the particular CLASSIFICATION has increased to an average of thirty-two (32) hours or more per week per shift for three (3) consecutive weeks.

Section 14.01.5

Any employee who has replaced another employee under the above provisions of Sections 14.01.2 or 14.01.3 and then fails to qualify on the job within a reasonable time shall have

the opportunity of MAKING one other BUMP under Section 14.01.2(c) or Section 14.01.3(c) above.

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Section 14.01.6

In the event any employee wishes to transfer to A JOB in Division (B) below, under the above provisions, qualifications will be determined on the basis of the employee's experience in the craft applied for.

Section 14.01.7.

For the purpose of administering the above lay-off provisions, divisions shall consist of the following departments:

(A) Receiving, Mill & Calender, Laborers.
(B) Machine Shop, Millwrights, Instruments, Pipefitters, Electricians, Carpenter, Boiler, Power.
(C) Garage, Shipping Specialty, Surgical Goods, Cement, Inner Tube, Test Car Drivers.
(D) Tire Curing, Air Bag, Final Inspection
(E) Cutting, Bead, Tire Building, Assembly

Section 14.02

SHOULD IT BE NECESSARY TO REALIGN ASSIGNMENTS WITHIN A JOB CLASSIFICATION WHEN THERE IS NO REDUCTION IN THE FORCES IN THE DEPARTMENT, AS DEFINED IN SECTION 14.01, THE EMPLOYEE AFFECTED WILL HAVE THE PRIVILEGE OF BUMPING ANY EMPLOYEE IN HIS JOB CLASSIFICATION WITH LESS SENIORITY.

Section 14.03

No transfers under any of the above paragraphs shall be permitted unless the employee can qualify within a reasonable time to do the job for which he applies.

ARTICLE 15

Leave of Absence

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Section 15.01

Leaves of Absence for the duration of the specific assignment will be granted to employees with a minimum of one (1) year's service who are selected by Local 227, the International Union, or the National A.F.L. C.I.O., to perform work on behalf of the Union without loss of seniority, and time away from the employment of the Company to perform such work shall be credited as time worked with the Company for the purpose of computing seniority. However, the number of such leaves shall be limited so that not more than five (5) employees shall be on leave at one time, and if the necessity for such leaves should continue for a period of more than one (1) year, they may be renewed on an annual basis.

Section 15.02

Female employees who have acquired nine (9) months service shall, when pregnant, be granted a temporary leave of absence not to exceed two hundred and seventy (270) days without loss of seniority rights. Except as provided in Article 12, Section 12.02, time lost from their employment with the Company shall be credited as continuous employment for the purpose of computing seniority credits. However, a female employee will not be permitted to continue working during the four (4) month period immediately preceding childbirth except upon presentation of a doctor's certificate every thirty (30) days.

Section 15.03

Leaves of absence for a definite period of not less than seven (7) days nor more than sixty (60) days will be granted to employees upon presentation of satisfactory reasons other than stated in Sections 15.01 and 15.02 above, with seniority credits accumulative during such leaves, except as provided in Article 12, Section 12.02. Such leaves may be renewed if the circumstances which were the basis for such leaves justify a renewal thereof. However, employees may not accept employment elsewhere while on leave except on specific arrangements with the Company. Such leaves shall be in writing and a copy furnished the President of the Union.

Section 15.04

The reinstatement rights of employees who enter the United States Armed Service will be determined on the basis of applicable laws and regulations, or any such laws as may be passed during the term of this agreement.

ARTICLE 16

Production Trainees

Section 16.01

It is agreed that not more than five (5) trainees may be employed in the production department at any one time. No trainee shall be classified as such for more than two (2) years. During such training period these trainees shall be in the bargaining unit, however questions regarding selection, qualifications, rates of pay, wage payments, filling of vacancies, promotions or dismissals shall not be subject to the grievance procedure of this agreement. Trainees shall be permitted to perform whatever type of work is required as part of their training program but any work perform-

ed by them shall not result in reducing the hours of work of any other employees.

Section 16.02

UNLESS MUTUALLY AGREED, time studies for piece-work rates will not be established on trainees covered by this Article 16.

Section 16.03

Experience gained by employees while classified as trainees shall not entitle them to any preference in the filling of vacancies.

Section 16.04

At the expiration of an employee's training period he shall immediately become subject to all provisions of the Union agreement, but shall not be permitted to replace any active or laid-off employee.

ARTICLE 17

General Rules

Section 17.01

The Company will furnish bulletin boards to be used for the purpose of posting Union notices concerning meetings, Union elections and results, Union appointments, recreational and social affairs. All notices will bear the Union seal and will be presented to the proper Company official for approval and posting.

Section 17.02

Gloves and other safety equipment will be furnished at no cost to the employees on all operations where required.

Section 17.03

When errors which effect employees' pay are made on time cards, such errors shall be corrected and brought to the attention of the affected employees, who shall initial the card as evidence of having been advised of the correction. In the event of a dispute with respect to any time card entry, the employee shall sign the card as instructed by his supervisor and write thereon "Under Protest", AND FILE GRIEVANCE IF NECESSARY.

Section 17.03.1

THE PUNCHING OF ANOTHER EMPLOYEE'S TIME CARD, IN OR OUT, IS NOT PERMITTED UNDER ANY CIRCUMSTANCES. VIOLATION OF THIS RULE IS SUBJECT TO DISCIPLINARY ACTION AGAINST BOTH PARTIES.

Section 17.04

It is understood that where the masculine pronoun is used in this agreement it shall refer to both genders.

Section 17.05

The Company and the employees shall cooperate in keeping the floors, washrooms, lockers, toilets and shower bathrooms and drinking fountains in good repair and in a clean and sanitary condition at all times.

Section 17.05.1

THE COMPANY SHALL MAKE REASONABLE PROVISIONS FOR THE SAFETY AND HEALTH OF ITS EMPLOYEES DURING THE HOURS OF THEIR EMPLOYMENT AND WILL PROVIDE COMPETENT FIRST AID PERSONNEL AND FURNISH PROTECTIVE DEVICES AND PROTECTIVE EQUIPMENT WHEREVER NECESSARY.

Section 17.06

Careful handling of all tools, machinery and products of the Company and safety practices and rules, shall be observed by the employees at all times. The Company agrees to recognize the Union's duly appointed Safety Committee and agrees to cooperate with such Committee on all safety matters. In order to effectuate this policy, "Hazardous Condition Report" is to be used by the Union Safety Committee in calling the Management's attention to any hazardous condition. Original report is to be presented to the Company's Safety Director, with copy to the foreman involved.

In case of factory injury such injury must be reported to the department foreman immediately who in turn shall see that adequate first aid is administered. Any required medical attention shall be arranged for through the Company's dispensary, otherwise the Company will not be responsible.

Section 17.06.1

Data concerning accidents in the plant will be furnished to the chairman of the Union's Safety Committee by the Safety Director.

Section 17.06.2

THE UNION SAFETY COMMITTEE CHAIRMAN SHALL SUFFER NO LOSS IN EARNINGS AS A RESULT OF ATTENDING THE REGULARLY SCHEDULED MONTHLY SAFETY MEETING AND/OR THE SCHEDULED MONTHLY SAFETY TOUR WHEN ACCOMPANIED BY THE COMPANY'S SAFETY DIRECTOR. ANY SUCH LOST TIME SHALL BE PAID FOR BY THE COMPANY.

LOSS OF TIME RESULTING FROM OTHER REQUESTS MADE BY THE UNION SAFETY CHAIRMAN FOR SAFETY MEETINGS OR EMERGENCY INVESTIGATIONS SHALL BE PAID FOR UNDER THE FIRST SENTENCE OF SECTION 2.03.5.

IF AN EMPLOYEE ACCOMPANIES THE UNION SAFETY CHAIRMAN IN ANY SAFETY MEETING HE SHALL HAVE NO VOICE IN THE DISCUSSION AND SHALL NOT BE ENTITLED TO ANY PAY FOR LOST TIME AS A RESULT OF HIS ATTENDANCE.

Section 17.07

Service record cards are to be issued to employees who are laid off or quit.

Section 17.08

There shall be no discrimination because of race, creed, color or national origin in regard to hire, tenure, or any other condition of employment.

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Section 17.09

Pay day shall fall on every Friday; however if pay day falls on a holiday, the employees will be paid on the preceding day.

Section 17.10

Employees are not to enter their respective department more than fifteen (15) minutes prior to their scheduled starting time. Employees shall not congregate in the area of the time clocks before time to ring out.

Section 17.11

(1) Employees are not to leave the plant property without first procuring a pass from the foreman except at the close of their regularly scheduled shift or at regular lunch periods.

(2) NO ARTICLES ARE TO BE REMOVED FROM PLANT PROPERTY WITHOUT PROPERLY APPROVED PASS.

(3) ALL PASSES ARE TO BE PRESENTED TO THE GUARD BEFORE LEAVING PLANT PROPERTY.

Section 17.12

Employees who are required to remain in the plant for production reasons or otherwise for the full scheduled work shift shall be paid for the full scheduled work shift and shall have twenty (20) minutes during the course of the shift in which to eat.

Section 17.13

There shall be no loitering, throwing, "horseplay", or fighting on plant property at any time.

Section 17.14

Employees who are unable to report for work are required to notify the Company in advance of starting time of their respective shifts, stating the cause for such absence. However, if circumstances prevent employees from reporting off prior to the starting time of their respective shifts, they shall promptly notify the Company by telephone, telegram, mail, or personal message as to reason for absence and when they expect to return to work. Employees who are absent more than one (1) week for reasons other than leave of absence are expected to report at least once a week and advise the Company when they expect to return to work; if such absence was due to sickness or injury, employees are required to clear through the Company's dispensary by means of a doctor's release before returning to work.

Section 17.15

Switching of shifts by individual employees may be permitted only when arranged in advance with supervision. All such arrangements must be in writing, signed by both parties involved and approved by the employees' supervisor.

Section 17.16

No foreman or supervisor shall perform the work of an hourly rated or piece-work employee except in case of extreme emergency or for the purpose of instruction.

Section 17.17

It is understood that MANAGEMENT OF THE BUSINESS, operation of the plant and control of the employees is a Company responsibility, including the right to hire, promote, demote, discipline, or dismiss employees with due consideration of their rights under the terms of this agreement, and also in consideration of the right of the Union to present grievances thereon.

Section 17.18

The Company will perform regular continuing maintenance and installation work with the employees of its mechanical departments except when lack of skills or equipment, nature of the work or time consideration make it impractical. The Company will give notice to the Union when an outside contractor is to be engaged to do work within the plant. Such notice will be given before the contract is let to afford the Union an opportunity to discuss the subject with the Personnel Department at which time the company will explain the need for contracting the work. If the work is of an emergency nature, notice will be given promptly.

Section 17.19

ALL JOBS THAT ARE RECOGNIZED AS BARGAINING UNIT JOBS SHALL CONTINUE TO BE PERFORMED BY BARGAINING UNIT EMPLOYEES AS LONG AS SUCH JOBS ARE PERFORMED WITHIN THE CONSHOHOCKEN PLANT (EXCEPT AS PROVIDED IN SECTION 17.18).

THE COMPANY MAY DISCONTINUE ANY OPERATION AT THE CONSHOHOCKEN PLANT OR HAVE ANY WORK DONE OUTSIDE THE CONSHOHOCKEN PLANT.

Section 17.20

No agreements CONTRARY TO THIS AGREEMENT shall be entered into between any committeeman and foreman unless mutually agreed to between the Union Negotiating Committee and proper Company representatives.

ARTICLE 18

Termination

Section 18.01

This agreement shall continue in effect until the 30th day of June, 1963. Thereafter, it shall renew itself for yearly periods unless written notice is given by either party to the other not less than sixty (60) days, nor more than seventy-five (75) days, prior to the expiration date or any extension thereof, that it is desired to terminate or amend the Agreement. In the event such notice is given, the parties shall begin negotiations within forty-five (45)days. If negotiations are not completed prior to the expiration date, this Agreement shall terminate unless extended by mutual agreement of the parties.

Section 18.02

IN THE EVENT AMENDED AGREEMENT DATED 1961 FOR PENSION, SERVICE AWARD AND INSURANCE BENEFITS HAS BEEN OPENED FOR RENEGOTIATION IN ACCORDANCE WITH ARTICLE V, PARAGRAPH 7 OF SUCH AGREEMENT, DURING ANY RENEWAL PERIOD OF THIS WORKING AGREEMENT AND EITHER THE UNION OR THE COMPANY EXERCISES ITS RIGHT TO TERMINATE THE AMENDED AGREEMENT FOR PENSION, SERVICE AWARD AND INSURANCE BENEFITS UNDER ARTICLE V, PARAGRAPH 7 THEREOF, EITHER PARTY MAY THEN TERMINATE THIS AGREEMENT BY GIVING AT LEAST SIXTY (60) DAYS' PRIOR WRITTEN NOTICE OF SUCH INTENTION TO THE OTHER PARTY. SHOULD NEGOTIATIONS OF THE AMENDED AGREEMENT FOR PENSION, SERVICE AWARD AND INSURANCE BENEFITS BE SATISFACTORILY CONCLUDED EITHER BEFORE OR AFTER THIS AGREEMENT HAS TERMINATED PURSUANT TO THIS SECTION, THIS AGREEMENT SHALL CONTINUE IN EFFECT OR BE REINSTATED, AS THE CASE MAY BE.

IN WITNESS WHEREOF, the parties hereto, by their duly authorized representatives have executed this agreement at Conshohocken, Pa. on the day and year first above written, subject to final ratification by the International Union and Local Union membership.

UNITED RUBBER, CORK, LINOLEUM & PLASTIC WORKERS OF AMERICA
LOCAL NO. 227

Charles E. Hess Jr
James A. Murphy
Grant C Colp
Richard J Bobroski
Jimmie D Pearson
Anthony F Stuczynski
William P. McClain
L J Dulaney
Walter Tarbutton

LEE RUBBER & TIRE CORPORATION
CONSHOHOCKEN PLANT
CONSHOHOCKEN, PA.

J J Conway
R. F. X. Kinack
C R. Turney

Michael G Sabol
International Representative

ADDENDUM

June 30, 1961

Mr. Charles T. Hess, Jr.,
President, Local No. 227,
Conshohocken, Pa.

Dear Sir:

As stated during current negotiations covering a revised working agreement, revisions in the S.U.B. Plan, and adoption of a funded Pension Plan, the many benefits which have been granted to our employees will result in a very substantial increase in the cost of the Company's operation. Consequently, it now becomes more imperative than ever that a substantial portion of these increased costs should be offset by a marked increase in efficiency and productivity. To accomplish this will require the sincere combined efforts of every member of the Lee organization in effectuating the following policy:

The Union realizes the Company must maintain a continuing program of installation of more efficient equipment and improved methods and agrees that it will collectively and individually strenuously oppose any efforts by its members to prevent, delay or adversely effect theCompany's efforts along these lines, consistent with fair labor practices.

The Union agrees that it will not encourage or condone any slowdown from normal pace whenever off-standard conditions or guaranteed day-work allowances apply, and that it will exert every possible influence to prevent or terminate any such slowdown.

The Union also agrees that it will cooperate with any reasonable effort by the Company to eliminate excessive periods away from work stations and to encourage all its members to conscientiously put forth a fair day's work, in return for which the Company expects to maintain a fair day's pay.

In further return for this cooperative commitment on the part of the Union, the Company agrees that all members of supervision and all other management representatives will cooperate with the Union and with every individual employee to the fullest possible extent towards accomplishing a greater degree of efficiency which is so vital to our future existence.

The Union's and the Company's acceptance of the above policy is acknowledged by the signatures that follow.

FOR THE UNION

Charles T. Hess Jr.
James A. Murphy
Howard G. Voltz
Richard J. Bukoski
James D. Rossman
Walter Tarbutton
Anthony F. Stuccyzzi
William P. McCann

FOR THE COMPANY

J. J. Conway
T. F. Dick
C. R. Tussey

MEMORANDUM OF AGREEMENT

This Memorandum or Agreement made and entered into this 30th day of June 1961 by and between Lee Rubber & Tire Corporation, Conshohocken Plant, Conshohocken, Pa., hereinafter referred to as the "Company" and Local Union No. 227 of the United Rubber, Cork, Linoleum & Plastic Workers of America, hereinafter referred to as the "Union", parties to a collective bargaining agreement dated the 15th day of May 1959 hereinafter referred to as the "Working Agreement".

WHEREAS, the Union in letter dated April 18, 1961, has expressed its desire to open discussion on the general wage scale as provided in Article 8, Section 8.03 of said Working Agreement; and

WHEREAS, negotiations have been conducted on the general wage scale;

NOW, THEREFORE, IT IS MUTUALLY AGREED AS FOLLOWS:

WAGE INCREASE

1. Effective August 21, 1961:

   (a) The Company shall make a general wage increase of seven cents (7¢) per hour to all employees for whom Local No. 227 has exclusive bargaining rights.

   (b) It is understood that if prior to August 27, 1962, all operations being performed in the Back Mill (Departments #31 and #32) are discontinued at the Conshohocken Plant, the one-half cent (½¢) per hour wage allocation from the Tire Division to the Back Mill would be restored to the Tire Division, effective the first of the month following the closing of the Back Mill.

2. Effective August 27, 1962:

   (a) The Company shall make a general wage increase of seven cents (7¢) per hour to all Tire Division employees, excluding the Back Mill employees (Departments #31 and #32) for whom Local No. 227 has exclusive bargaining rights unless option in (b) below is exercised.

   (b) It is agreed either party to this agreement shall have the right to request a meeting not more than thirty (30) days prior to August 27, 1962 for the purpose of discussing the feasibility of a wage adjustment for Back Mill (Departments #31 and #32) employees. In the event it is agreed a wage increase should be granted to the Back Mill (Departments #31 and #32) such increase may or may not be "carved out" of the Tire Division's 1962 seven cents (7¢) wage increase but in no event shall any wage increase for the Back Mill (Departments #31 and #32)exceed seven cents (7¢) per hour, nor shall it be effective earlier than August 27, 1962.

(c) It is further understood in granting this option to discuss Back Mill wages in August 1962, there is no right or privilege granted to either party to terminate the then current Working Agreement if a dispute arises between the parties over such wage discussions.

(d) It is understood that if a wage increase is granted the Back Mill (Depts. #31 and #32) and it is "carved out" of the wage increase of seven cents (7¢) per hour due the Tire Division August 27, 1962, then if prior to the termination of the Working Agreement, all operations being performed in the Back Mill (Depts. #31 and #32) are discontinued at the Conshohocken Plant, the portion of the Tire Division's wage increase which had been used for the 1962 Back Mill increase will be returned to the Tire Division effective the first of the month following the closing of the Back Mill.

3. (a) All hourly rates will be adjusted to reflect the amount of the general wage increases granted August 21, 1961 and August 27, 1962 and all piece-work rates will be adjusted so as to reflect the amount of the general wage increases granted August 21, 1961 and August 27, 1962 in the expected earnings for each rate, based on maintaining a normal level of productivity.

(b) It is understood that if 1(b) or 2(d) above is used, then the amount to be returned to the Tire Division would not necessitate the changing of hourly rates or piece-work rates immediately but rather this change would be made at the August 27, 1962 date if 1(b) is used or at the termination of the then current Working Agreement if 2(d) is used. During this interim period the rate adjustment would be carried as a separate entry on the individual's time card.

4. The above wage increases will not be paid to any employee with less than thirty (30) days' service with the Company prior to August 21, 1961 or August 27, 1962 whichever applies, if such employee's services have been terminated by quit or discharge.

IN WITNESS WHEREOF, the parties hereto, by their duly authorized representatives have executed this agreement at Conshohocken, Pa. on the day and year first above written, subject to final ratification by the International Union and Local Union membership.

UNITED RUBBER, CORK, LINOLEUM & PLASTIC WORKERS OF AMERICA
LOCAL NO. 227

Charles T. Hess Jr
James A. Murphy
Vincent J. Volk
Richard J. Bukaski
James B. Rogers
Anthony F. Stuczynski
William F. McCann
L. L. Dealmy
Walter Barbutton

LEE RUBBER & TIRE CORPORATION
CONSHOHOCKEN PLANT
CONSHOHOCKEN, PA.

J. J. Cowan
T. X. Heick
C. R. Tussey

Michael G. Sabol
International Representative

PTO #36

AGREEMENT FOR PENSION, SERVICE AWARD AND INSURANCE BENEFITS

(2) 1581A

THIS AGREEMENT, made and entered into this 30th day of June, 1961, by and between Lee Rubber & Tire Corporation, Conshohocken Plant, Conshohocken, Pa., hereinafter referred to as the "Company", and Local Union No. 227, United Rubber, Cork, Linoleum and Plastic Workers of America, hereinafter referred to as the "Union".

ARTICLE I - PENSION PLAN

The Non-contributory Pension Plan of Lee Rubber & Tire Corporation effective as of April 6, 1950, set forth in the Agreement dated April 6, 1950, between the parties hereto, as amended, shall be amended, effective as of July 1, 1961, as to employees retiring on or after July 1, 1961 to read as follows, and as so amended shall be continued in effect for the duration of this agreement.

NON-CONTRIBUTORY PENSION PLAN of LEE RUBBER & TIRE CORPORATION (Conshohocken Plant)

SECTION I DEFINITIONS

The following terms, wherever used in this Plan, shall have the meanings set forth below, despite any definitions at variance therewith in any other document:

1. "Actuarial Equivalent" means a benefit having, at the date of determination, an actuarially equivalent value when computed at the rate of interest and the mortality tables last adopted by the Pension Board on the recommendation of the Actuary retained by the Pension Board.

2. "Aggregate Earnings" of an Employee means the total Compensation received by him for his period of Continuous Service prior to the date of his retirement, provided, however, that in computing the Aggregate Earnings of an Employee whose period of such Continuous Service included any period prior to January 1, 1959, his total Compensation for all such prior periods shall be the amount computed by multiplying his average annual Compensation during the period from January 1, 1949 or the date on which he commenced his Continuous Service, whichever is later, to December 31, 1958, inclusive, by his number of years and fractions thereof, computed to the nearest completed twelfth of a year of Continuous Service prior to January 1, 1959. If, during such period, an Employee received no Compensation in one or more pay periods in a year, his Compensation for each such pay period shall be considered as being his average weekly Compensation during the remaining pay periods of that year, except that Compensation during any such year in which an Employee received earnings in less than nine (9) pay periods shall be disregarded and his Compensation for such year shall be considered as being the

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erage of his Compensation for the first preceding year, if any, during such period in ich the Employee received Compensation in at least nine (9) pay periods and the next ceeding year, if any, during such period in which the Employee received Compensation at least nine (9) pay periods, but in the event there was no such preceding and/or ceeding year during such period in which the Employee received Compensation in at ast nine (9) weeks, the average of the two (2) closest years within such period shall used.

3. "Compensation" means the total remuneration (before deductions for any reason, ether at the direction of the Employee or otherwise) paid by the Company to an ployee for Service.

4. "Continuous Service" means an Employee's period of unbroken Service calcula- d from the date of first employment or the date of re-employment following the last eak in Service, if any, whichever is the later date. Service is not broken unless ere is a break in seniority in accordance with the Collective Bargaining Agreement tween the Company and the Union.

5. "Company" means The Lee Rubber & Tire Corporation, Conshohocken Plant.

6. "Effective Date" of the Plan means April 6, 1950.

7. "Employee" means any person who is regularly employed by the Company and who a person to whom, or is a member of a group of persons to whom, the benefits of is plan have been made and continued to be available by agreement between the mpany and the recognized collective bargaining representative of such group, or by signation by the Company, but the term does not include any person engaged on a mporary, probationary, or casual basis.

8. "Normal Retirement Date" means the first day of February following or incidental with an employee's sixty-fifth (65th) birthday.

9. "Other Pension" means any pension or payment in the nature of or on account a pension from any source or fund to which the Company or any subsidiary or any edecessor thereof shall have directly or indirectly contributed, but this term does include;

(a) a Public Pension;
(b) a pension to be paid pursuant to the provisions of this Plan; or
(c) a pension payable pursuant to the provisions of any private plan adopted by the Company subsequent to the Effective Date of this Plan which specified that pensions thereunder shall not be deducted from benefits payable under this plan.

10. "Pension Date" means the first day of the month in which the Employee retires accordance with the terms of this Plan or the first day of the month in which the ployee's Permanent Disability is finally established, provided the Employee's written plication is received by the Pension Board not later than the end of the month next llowing the month of such retirement or establishment of Permanent Disability; herwise the Pension Date shall be the first day of the subsequent month in which said itten application is received by the Pension Board.

11. "Pension Board" means the Board constituted under Section V to administer Plan.

12. "Pensioner" means a person who has retired and has been granted pension efits in accordance with this Plan.

13. "Permanent Disability" or "Permanently Disabled" means that

(a) a person has been permanently and totally disabled by bodily injury or disease so as to be prevented thereby from being physically able to meet the job requirements of any job in the Company's establishment; and

(b) such permanent and total disability shall have continued for six (6) consecutive months, and in the opinion of a qualified physician designated by the Pension Board, will presumably be permanent and total during the remainder of the life of such person.

14. "Plan" means the Pension Plan as set forth herein and as modified or amended om time to time.

15. "Public Pension" means any annuity, pension or payment of a similar kind, ether payable because of old age or disability, or for any other reason, established der or by reason of any federal, State or Local law, including, without limitation, y such payment payable under the Federal Social Security Act; but this term does not clude a pension granted for or on account of military service.

16. "Service Award" means any service allowance or payment of a similar kind by e Company.

17. "Service" means regular employment with the Company.

18. "Years of Credited Service" means the years and fractions thereof, computed twelfths to the nearest full calendar month of an Employee's period of Continuous rvice.

SECTION II
RETIREMENT

1. Every Employee shall retire on his Normal Retirement Date. An Employee who en has completed at least ten (10) full Years of Credited Service shall be eligible receive a pension determined in accordance with Section III of this Plan.

2. An Employee who shall have completed at least fifteen (15) full Years of redited Service and who shall have become, through some unavoidable cause, Permanently isabled after the Effective Date of the Plan, shall be eligible to retire and after is retirement to receive a pension, commencing not earlier than the seventh month llowing the occurrence of the disability, determined in accordance with Section III f this Plan. A pension for Permanent Disability shall continue only as long as the ensioner shall continue to be Permanently Disabled. Disability shall be deemed to ave resulted from an unavoidable cause, for the purpose of this Plan, unless it i) was contracted, suffered or incurred while the Employee was engaged in, or resulted rom his having engaged in, a felonious criminal enterprise, or (ii) resulted from his abitual drunkenness or addiction to narcotics, or (iii) resulted from an intentional elf-inflicted injury. Permanent Disability resulting from any such enumerated cause, r exclusively from military service after the Effective Date of the Plan which prevents im from returning to employment and for which he received a pension from the national r state government shall not entitle the Employee to a pension under this paragraph. he continued existence of Permanent Disability may be verified by the Company by

ical examination at any time prior to the Employee's Normal Retirement Date and, uld the Pensioner refuse to submit to medical examination, and pension granted er this paragraph shall be discontinued until withdrawal of the refusal.

3. An Employee who has completed twenty (20) full Years of Credited Service and ained age fifty-five (55) but not age sixty-five (65) after the Effective Date retire on the first day of any month thereafter (as designated in his written lication for retirement). (See Section III for amount of pension.) Such pension n early retirement may be terminated at any time by the Pension Board if the sioner, prior to attainment of age 65, engages in any activity deemed by the Pension rd to be detrimental to the interests of the Company or any subsidiary of the Company.

4. An Employee whose employment with the Company is terminated on or after the fective Date shall be eligible, upon a timely written application therefor, for a ferred pension as provided in Paragraph 4 of Section III of this Plan, if such loyee, at the time of such termination of employment

(a) shall have attained the age of 40 years but shall not have attained the age of 65 years,
(b) shall have had at least 10 years of Continuous Service prior to such termination, and
(c) shall not be eligible for any other pension under this Plan except another deferred vested pension based upon a prior period of Continuous Service; provided, however, that in no event shall an Employee be eligible for a deferred pension if he elects to receive in lieu thereof, a Service Award or a Special Distribution on discontinuance of operations.

5. Any Employee meeting the eligibility requirements of Paragraph 1, Paragraph 2 Paragraph 3 of this Section II may be retired under the Plan by the Company when he no longer able to fulfill the requirements of his job and is unable to qualify under plicable agreements or regulations for transfer to another job.

SECTION III
PENSION ALLOWANCE

1. Normal Retirement. The monthly amount of any pension payable under this an to an Employee retiring on his Normal Retirement Date shall equal one-twelfth /12th) of one per cent (1%) of the Aggregate Earnings of the Employee, reduced by e total amount of other benefits available to such Employee as provided in clauses), (b), (c) and (d) in the first sentence of Paragraph 5 of this Section III; ovided, however, that no such monthly pension payable on or after an Employee's rmal Retirement Date shall be less than a Minimum Monthly Pension equal to

(a) Two dollars and twenty-five cents ($2.25) multiplied by the Employee's Years of Credited Service prior to January 1, 1959 (computed to the nearest completed twelfth of a year); plus
(b) Two dollars and thirty cents ($2.30) multiplied by the Employee's Years of Credited Service subsequent to December 31, 1958, and prior to the date of his retirement (computed to the nearest completed twelfth of a year),

ch Minimum Monthly Pension reduced by the total amount of other benefits available such Employee as provided in clauses (b), (c) and (d) in the first sentence of ragraph 5 of this Section III.

2. Disability. The monthly amount of pension for an Employee eligible under graph 2 of Section II of this Plan for a pension because of Permanent Disability l be determined as follows;

(a) Until such Employee attains age 65, or, if earlier, until he becomes eligible for a primary old age insurance benefit or a disability benefit under the federal Social Security Act from time to time in effect, the monthly amount of his disability pension shall be equal to;

(i) Four dollars and fifty cents ($4.50) multiplied by the number of his Years of Credited Service prior to January 1, 1959 (computed to the nearest completed twelfth of a year); plus

(ii) Four dollars and sixty cents ($4.60) multiplied by the number of his Years of Credited Service subsequent to December 31, 1958, and prior to the date of his retirement (computed to the nearest completed twelfth of a year).

reduced by the total amount of other benefits available to such Employee as provided in Paragraph 5 of this Section III.

(b) When such Employee attains age 65, or, if earlier, when he becomes eligible for a primary old age insurance benefit or a disability benefit under the federal Social Security Act from time to time in effect, the monthly amount of the disability pension thereafter payable to him shall be redetermined in accordance with the provisions of Paragraph 1 of this Section III, but based upon his Years of Credited Service to the date as of which his disability pension commenced.

3. Early Retirement. The monthly amount of pension for an Employee eligible under Paragraph 3 of Section II of this Plan for a pension on early retirement shall be determined as follows;

(a) In the event such Employee retires at his own option, he may, at his election, receive either:

(i) A deferred monthly pension determined in accordance with the provisions of Paragraph 1 of this Section III, but based upon his Years of Credited Service to the date of his early retirement; or

(ii) An immediate monthly pension determined in accordance with the provisions of Paragraph 1 of this Section III, but based upon his Years of Continuous Service to the date of his early retirement, such pension to be reduced by 4/10ths of 1% for each complete calendar month by which the date of such Employee's early retirement precedes the first day of the calendar month coinciding with or next following his 65th birthday.

(b) In the event such Employee is retired at the option of the Company or under mutually satisfactory conditions, his monthly pension until he attains age 65, or, if earlier, until he becomes eligible for a primary old age insurance benefit or a disability benefit under the federal Social Security Act from time to time in effect, shall be:

(i) Four dollars and fifty cents ($4.50) multiplied by the number of his Years of Credited Service prior to January 1, 1959 (computed to the nearest completed twelfth of a year); plus

(ii) Four dollars and sixty cents ($4.60) multiplied by the number of his years of Credited Service subsequent to December 31, 1958, and prior to the date of his retirement (computed to the nearest completed twelfth of a year),

reduced by the total amount of other benefits available to such Employee provided in Paragraph 5 of this Section III.

(c) When an Employee eligible for a pension under (b) above attains age 65 or, if earlier, when he becomes eligible for a primary old age insurance benefit or a disability benefit under the federal Social Security Act from time to time in effect, the monthly amount of the pension thereafter payable to him shall be redetermined in accordance with the provisions of Paragraph 1 of this Section III, but based upon his Years of Credited Service to the date of his early retirement.

(d) An employee shall be deemed to have retired under mutually satisfactory conditions, for purposes of this Paragraph 3, only if the Company has confirmed in writing its consent to his retirement. Moreover, an Employee who is discharged for cause after having completed the eligibility requirements for an early retirement pension shall be entitled only to the benefits provided in (a)(i) of this Paragraph 3.

4. Vesting. The monthly amount of pension for an Employee eligible under ragraph 4 of Section II of the plan for a deferred vested pension by reason of a rmination of employment shall be determined in accordance with the provisions of ragraph 1 of this Section III as in effect at the time of such termination of employ- nt, but based only upon his Years of Credited Service subsequent to the January 1 of e year in which such Employee attained age 30 and prior to the date of such termination employment.

5. There shall be deducted from the amount of any pension payable to a Pensioner r any period in accordance with this Section the total of:

(a) one-half (1/2) of the primary benefit of any Public Pension, and one-half (1/2) of any disability benefit of any Public Pension, paid or payable to such Pensioner, or that would upon application become payable to him, during the time any pension is payable under this Plan, provided, however, that (i) the amount of the deduction with respect to the primary benefit of any Public Pension, once determined, or redetermined pursuant to Paragraph 3(c) of Section III, shall not be changed because of any subsequent increase in such primary benefit, and (ii) in the event the rate of the Company's contribution or tax pursuant to a law providing for any Public Pension becomes greater than the rate of Employee's contribution or tax, the portion of such primary benefit to be deducted shall, in lieu of one-half (1/2), be in the proportion that the Company's rate of contribution or tax at the time of the Employee's retirement bears to the total rate of the Company's and Employee's contribution or taxes at such time;

(b) the amount of any Other Pension paid or payable to such Pensioner during the time any pension is payable under this Plan, or that would have been payable to him if a different settlement had not been made;

(c) the amount of any Service Award paid or payable to such Pensioner or that would upon application become payable to such Pensioner; and

(d) any amount paid to or on behalf of the Pensioner, or that would upon application become payable to him, on account of (i) injury or occupational disease

causing disability for which the Company is liable, whether pursuant to Workmen's Compensation or occupational disease laws or arising from the statutory or common law (including fixed statutory payments for loss of any bodily member), but only from a pension granted pursuant to Paragraph 2 of Section II and until the Pensioner attains his Normal Retirement Date (any lump sum amount shall be considered to be payable in equal weekly installments as would otherwise have been payable had such Pensioner received weekly compensation payments on account of injury or occupational disease, (ii) unemployment compensation benefit pursuant to law or otherwise, and (iii) any such payments on account of employment by an employer other than the Company;

provided, however, that if such Pensioner shall have contributed to the source or the fund out of which any such Other Pension shall be paid or become payable, or would become payable upon application, then the amount to be deducted from the pension payable in accordance with Section III for any period shall be decreased by the amount of that part of such Other Pension which is attributable to the contributions which the Pensioner shall have made to such source or fund. The adjustment for such payment shall be made not only in the case of one actually receiving a Public Pension, but also in the case of one who would be entitled to receive a Public Pension but is not actually receiving it because he does not make application therefor or because he is engaged in work for which he is compensated in an amount which is in excess of the limit of earnings under which he is eligible to receive a Public Pension, and the reduction shall be in the amount equal to the amount of the Public Pension which the Pensioner would have received if such application had been made or if he were not compensated in excess of said limit. The amount to be deducted in accordance with the foregoing shall not be increased to reflect any increase in the Public Pension attributable to employment after retirement. If the amount to be deducted in accordance with this Paragraph 2 from the monthly amount of pension granted under this Plan shall be paid or payable in any manner other than a monthly income for the lifetime of the Pensioner, the Pension Board shall determine a monthly amount which is the Actuarial Equivalent thereof for the remaining lifetime of the Pensioner, which Actuarial Equivalent amount shall then be taken as the amount to be deducted as provided in this Paragraph 5.

6. Except as hereinafter provided, each pension shall be paid monthly. The commencement and duration of pensions shall be governed by the following provisions:

(a) The payment of a normal retirement pension shall commence during the month beginning with the Employee's Pension Date. A normal retirement pension shall continue during the life of the Pensioner, and the last monthly Payment of such pension shall be made for the month in which the death of the Pensioner shall occur.

(b) The payment of a disability pension shall commence during the month beginning with the Employee's Pension Date. A disability pension shall continue until the death of the Pensioner or until the termination of Permanent Disability occurring prior to the age of 65, whichever shall first occur (subject, however, to the right of the Pension Board to suspend such pension as hereinabove provided,) and the last monthly payment of such pension shall be made for the month in which Permanent Disability shall terminate if prior to attainment of age 65 or the month in which the Pensioner shall die, whichever shall first occur.

(c) The payment of a deferred early retirement pension pursuant to Paragraph 3 of this Section III shall commence during the month beginning with the Employee's Pension Date, provided, however, that no such application may be filed earlier than 60 days prior to the Employee's 65th birthday. In the case of any other

early retirement pension, payment shall commence during the month beginning with the Employee's Pension Date. An early retirement pension shall continue until the death of the Pensioner or until the termination of such pension by the Pension Board as hereinabove provided, whichever shall first occur, and the last monthly payment of such pension shall be made for the month in which the death of the Pensioner shall occur or in which such pension is terminated by the Pension Board, whichever shall first occur.

(d) The payment of a deferred vested pension pursuant to Paragraph 4 of this Section III shall commence during the month beginning with the Employee's Pension Date. An application for a deferred vested pension must be filed not earlier than 60 days prior to the Employee's 65th birthday and not later than his 70th birthday; otherwise no deferred vested pension shall be payable to him at any time. A deferred vested pension shall continue until the death of the Pensioner, and the last monthly payment of such pension shall be made for the month in which the death of the Pensioner shall occur.

(e) In any case, a final pension payment may, if the Pensioner is not living, be paid in the discretion of the Pension Board to any one, or jointly to any number, of the following surviving relatives of the Pensioner; namely, wife, husband, mother, father, child or children, brother or brothers, sister or sisters.

7. In the event the total monthly amount of pension payable to any Pensioner is less than $10, the Pension Board may, in its discretion, direct payment quarterly or annually as it shall determine, or by a lump sum payment which shall be of equivalent actuarial value to the total pension otherwise payable, determined by the Pension Board upon the basis of such mortality tables, interest rates and other relevant factors as the Pension Board may from time to time adopt.

8. Upon filing written notice with the Pension Board at the time and under the conditions set forth herein, an Employee who retires on a pension at normal retirement under Paragraph 1 of Section II on or after July 1, 1959, may elect to designate his spouse as his "Contingent Annuitant" or may elect to designate any person as his "Beneficiary", and to provide, in lieu of the total amount of monthly pension otherwise payable to him for reduced monthly payments in accordance with one of the following optional methods of payment:

Option A A reduced monthly pension payable to the Employee for life, with the continuance of monthly payments in such reduced amount after his death to his Contingent Annuitant during the lifetime of his Contingent Annuitant; or

Option B A reduced monthly pension payable to the Employee for life, with the continuance of monthly payments equal to one-half of such reduced amount after his death to his Contingent Annuitant during the lifetime of his Contingent Annuitant; or

Option C A reduced monthly pension payable to the Employee for life, with the continuance to his Beneficiary of monthly payments in such reduced amount after his death for the remainder, if any, of the 5, 10, 15 or 20 year term (as the Employee shall elect) immediately following the date of his retirement, and with any monthly payments remaining unpaid

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upon the death of the survivor of the Employee and his Beneficiary to be made to the estate of such survivor.

The monthly payments to be made to an Employee and his Contingent Annuitant under Option A or Option B, and to an Employee and his Beneficiary under Option C shall be in amounts the actuarial value of which at the time of the Employee's retirement shall be equivalent to the actuarial value, at the time of his retirement, of the total amount of monthly pension otherwise payable to him under this Plan, taking into account the age and sex of the Employee and, where applicable, the age and sex of his Contingent Annuitant. Equivalent actuarial values shall be determined by the Pension Board upon the basis of such mortality tables, interest rates and other relevant factors as it may from time to time adopt.

9. An Employee's election hereunder shall be made in writing to the Pension Board in such form as it shall require, on or before the Employee's attainment of age 65, but sufficient evidence that the Employee is in good health shall be required unless such election is made on or before the Employee's attainment of age 60, or on or before February 1, 1960 in the case of an Employee who shall have attained age 60 prior to February 1, 1960. In the case of an Employee who is eligible to retire under Paragraph 1 of Section II as of July 1, 1959, but who has not then retired, or in the case of an employee who becomes eligible to retire under Paragraph 1 of Section II after July 1, 1959, and on or before February 1, 1960, his election hereunder shall be made on or before February 1, 1960 or the date of his retirement, whichever is the earlier.

10. Without the consent of any Contingent Annuitant or Beneficiary, an Employee at any time on or before attaining age 65, by written notice delivered to the Pension Board, may revoke any election of Option C theretofore made by him and also may revoke any election of Option A or of Option B theretofore made by him if he furnishes to the Pension Board sufficient evidence that the Contingent Annuitant theretofore designated by him in connection with said election is in good health. After an Employee has elected Option A, Option B or Option C such Option may be changed, or a different Contingent Annuitant designated, only with the consent of the Pension Board.

11. The election of an option shall become effective for all purposes upon the Employee's retirement under Paragraph 1 of Section II of this Plan. If an Employee, having elected an optional method of payment, dies before such retirement, no payments will become due to his Contingent Annuitant or his Beneficiary. In like manner, in the event a person designated by an Employee as a Contingent Annuitant shall die before such Employee's retirement under this Plan, or in the event this Plan shall be terminated with respect to an Employee prior to his retirement hereunder, or in the event an Employee shall retire prior to attaining age 65, any election of an optional method of payment theretofore made by him shall be inoperative and ineffective, and such Employee shall receive the pension he would have received under this Plan had such election not been made.

12. The commencement and duration of pension payments to an Employee who has lected an optional method of payment shall be governed by the provisions of Paragraph of this Section. Monthly payments which become payable to the Contingent Annuitant f an Employee shall commence with the month following the month in which the death of ch Employee shall occur; and the last monthly payment shall be made for the month in hich the death of such Contingent Annuitant shall occur. Monthly payments which become ayable to the Beneficiary of an Employee under Option C shall commence with the month ollowing the month in which the death of such Employee shall occur, and the last onthly payment shall be made for the last month in the term certain of 5, 10, 15, or 0 years, as the case may be.

13. For purposes of procedural and administrative provisions, a Contingent Annuitant r Beneficiary shall be deemed to be a Pensioner. Upon any termination of the Plan, a ontingent Annuitant or Beneficiary whose interest does not cease by reason of such ermination shall be entitled to be treated as a Pensioner.

14. In making determinations pursuant to this Plan with respect to the health of person, the Pension Board shall rely upon, and act in accordance with, a certificate f a duly licensed physician acceptable to the Board.

SECTION IV
APPLICATION FOR RETIREMENT

1. Each application for retirement shall be in writing on the form or forms rovided by the Pension Board and shall be made to the Pension Board and shall be filed n such manner and with such person as the Pension Board may specify. The Pension Board ay require that there be furnished to it in connection with any such application for retirement proof of age, Certificate of Award of Social Security Benefit and such other information as may reasonably be required. If an applicant fails to furnish such informa- ion, proof and Certificate, the Pension Board may compute his pension, if any, on any asis by it deemed reasonable.

SECTION V
ADMINISTRATION

1. The administration of this Plan shall be in the charge of a Pension Board, which shall consist of three (3) or more persons from the management of the Company to be appointed annually by the Board of Directors of the Company and to serve until their successors shall have been appointed in like manner. At the time of their appointment, the Board of Directors shall designate one (1) of the members of the Pension Board as its Chairman.

2. Subject to the provisions of this Plan the Pension Board shall have authority:

(a) to grant pensions in the amounts and upon the terms and conditions provided for under this Plan;
(b) to interpret and apply the provisions of the Plan and to make, amend, repeal, and enforce such rules and regulations as it may deem necessary or proper for the efficient operation of this Plan;
(c) to resolve ambiguities and correct errors; and
(d) to perform such other duties as may be assigned to it from time to time by the Board of Directors of the Corporation.

3. The Pension Board shall hold meetings upon such notice, at such place or places, and at such time or times as the members of the Board shall determine from time to time.

majority of the members of the Pension Board at the time in office shall constitute uorum for the transaction of business; but a majority of those present, though less n a quorum, may adjourn any meeting from time to time until a quorum shall have been ained. Any action approved by the vote of a majority of those present at any meeting, those present constitute a quorum, shall be the action of the Pension Board. The sion Board may take action without meeting if approval of the action is in writing all the members at the time in office.

4. The Pension Board shall prepare, or cause to be prepared, an annual report hin a reasonable period of time after the end of each fiscal year after the Effective e setting forth in reasonable summary the operation of the Plan for such year. ies of such report shall be made available for examination by all Employees and their ognized collective bargaining representatives in the office of the Personnel Director.

SECTION VI
APPEALS PROCEDURE

1. If any differences shall arise between the Company or the Pension Board and Employee who shall be an applicant for retirement or Pensioner as to:

(a) the number of Years of Credited Service of such Employee or Pensioner; or
(b) the age of such Employee or Pensioner; or
(c) the Aggregate Earnings used for pension calculation under Section III; or
(d) the amount of Pension to which an Employee or Pensioner is entitled under Section III; or
(e) whether such Employee or Pensioner, if he shall have been determined to be Permanently Disabled but shall not have reached his Normal Retirement Date, became Permanently Disabled through some unavoidable cause;

d if agreement cannot be reached between the Pension Board and the Employee or nsioner, such question may be taken up as a grievance under the grievance procedure ovided for in the working agreement between the Company and the Union at the level at ich a grievance is presented to the Company's grievance committee. If any such grievce shall be taken to artitration in accordance with such procedure, then the Arbitraon Board shall have the authority only to decide the question pursuant to the provisions this Plan applicable to the question, but shall not have the authority in any way to ter, add to or subtract from any of such provisions. The decision of the arbitration ard on any such question shall be binding on the Company, the Pension Board and the ployee or Pensioner and all other interested parties.

2. If any difference shall arise between the Company and any Employee as to whether ch Employee is or continues Permanently Disabled, such difference shall be resolved follows:

The Employee shall be examined by a physician appointed for the purpose, and compensated, by the Company and by a physician appointed for the purpose, and compensated, the Employee. If they shall disagree concerning whether the Employee is Permanently sabled, that question shall be submitted to a third physician selected by such two ysicians. The medical opinion of the third physician, after examination of the Employee d consultation with the other two physicians, shall decide such question. The fees d expenses of the third physician shall be shared ecually by the Company and the ployee involved. In the event the Employee refuses to be examined or fails to appoint cause to be appointed, a physician to represent him for the purpose of this paragraph, shall have no rights to any pension under this Plan until the refusal is withdrawn

such appointment is made.

SECTION VII
FUNDING

The Company agrees to begin the funding of pension benefits under the Plan not later han July 1, 1962, by means of payments into a pension trust or trusts or payments under n insurance contract or contracts, or in such other manner as may be permitted by applicble law and rulings and regulations, and thereafter to continue to make payments as aforeaid, in at least such amounts as, in the opinion of a qualified actuary, shall be required t the end of each year to meet at such time the minimum funding requirements then in effect or qualified plans under applicable provisions of the Internal Revenue Code and rulings nd regulations of the Internal Revenue Service.

The Plan will be amended in all further respects as may be required to make the prosions thereof consistent with the amendments to be made as hereinabove in this Agreement rovided and in such manner (not inconsistent with this Agreement) as to enable the Plan meet the requirements of the Internal Revenue Code as contemplated by this Section VII.

It is understood and agreed that the proposed amendments to the Plan to be made as prolded in this Agreement, including the provision for the funding of the Plan, are contingent pon and subject to obtaining a ruling of the Director of Internal Revenue to the effect hat the Plan, as so amended, will meet the requirements of Section 401(a) of the Internal venue Code and that any trust created for the purpose of providing benefits under the lan will be an exempt trust under Section 501(a) of the Internal Revenue Code. If the equirements of the Director of Internal Revenue shall necessitate any modifications in he Plan, as so amended, which would be inconsistent with the provisions of said Plan or his Agreement, the Company shall promptly notify the Union and representatives of the arties hereto shall meet within 10 days thereafter for the purpose of negotiating with egard to such modifications.

SECTION VIII
GENERAL PROVISIONS

Nothing in this Plan shall be deemed to give any Employee the right to be retained n the Service of the Company or to interfere with the right of the Company by which he hall then be employed to discharge any Employee at any time. The foregoing shall not e deemed to modify the provisions of any agreements which may be made by the Company ith the recognized collective bargaining representatives of any of their Employees.

Sale, Transfer, Anticipation, Assignment, Pledge or any kind of encumbrance of pensions will not be permitted or recognized under any circumstances. Neither pensions, nor ny payment on account thereof, shall be subject to attachment or other legal process for against a Pensioner.

Subject to the provisions of any agreements which may be made by the Company with the ecognized collective bargaining representatives of any of its Employees, the Company reserves he right to modify, amend or terminate this Plan, in whole or in part, at any time and for ny reason. On and after termination, no further pension rights or obligations shall accrue nder this Plan to any Employee who has not retired hereunder prior to such termination; rovided, however, that no pension granted prior to the date of such termination shall be educed, suspended or discontinued, except as otherwise specifically provided herein.

No Employee shall have any rights or interest whatsoever in or to any portion of any unds which may be paid into any pension trust or trusts or under any insurance contract contracts established for the purpose of paying pensions and no Employee or Pensioner hall have any right to pension benefits except to the extent provided in this Plan.

The provisions of this Plan shall be construed and administered in accordance with he laws of the State of New York.

ARTICLE II - SERVICE AWARD AND SPECIAL DISTRIBUTIONS ON DISCONTINUANCE OF OPERATIONS

The following Plan shall become effective as of July 1, 1959 as to Employees s defined in the Pension Plan) whose employment is terminated on or after that date, d shall be continued in effect for the duration of this Agreement for all Employees the bargaining unit covered by the Working Agreement between the parties hereto:

SERVICE AWARD PLAN OF THE LEE RUBBER & TIRE CORPORATION

SECTION I
DEFINITIONS

Terms defined in the Non-contributory Pension Plan of the Lee Rubber & Tire rporation, effective as of April 6, 1950, as amended, shall have the same meanings n used in this Plan.

SECTION II
ELIGIBILITY

1. The Company will pay a Service Award to any Employee who has five (5) or more ars of Continuous Service and who is not eligible for a pension under any pension plan the Company (other than a deferred vested pension under the Non-contributory Pension an of the Lee Rubber & Tire Corporation, effective as of April 6, 1950, as amended, th respect to a prior period of continuous service), and

(a) who retires on his Normal Retirement Date, or
(b) who is released from employment because he is no longer able to meet the requirements of his job and is unable to qualify for transfer to another job;

ovided, however, that an Employee ineligible for a Service Award by reason of his igibility for a deferred vested pension under the Pension Plan with respect to any t or all of the same period of continuous service upon which the Service Award other- se payable to him would be based, may become eligible to receive such Service Award by king an election in writing to receive the same in lieu of the deferred vested pension der the Pension Plan based upon such period of continuous service. Such written ction must be made by the Employee within 30 days from the date of his retirement reunder; otherwise he shall be deemed forever to have waived his right to receive a rvice Award in lieu of such deferred vested pension.

2. Any dispute regarding an Employee's qualification for transfer to another job his ability to meet the requirements of his job shall be subject to the grievance ocedure provided in the Working Agreement.

SECTION III
AMOUNT OF SERVICE AWARD

1. The amount of the Service Award will be computed on the basis of a percentage the Employee's Aggregate Earnings during his period of Continuous Service determined follows:

For an Employee with at least five (5) and less than ten (10) years of Continuous rvice - two per cent (2%);
For an Employee with at least ten (10) and less than fifteen (15) years of

tinuous Service - two and one-half per cent (2 1/2%);
For an Employee with fifteen (15) or more years of Continuous Service - three
cent (3%);
For an Employee with at least five (5) years of Continuous Service who retires on
Normal Retirement Date - three per cent (3%).

2. In the event that any discharge, dismissal or severance allowance is provided law, such allowance shall be deducted from the Service Award payable pursuant to this an in the proportion that the Company's contribution or tax bears to the total of the mpany's and Employee's contributions or taxes.

SECTION IV
PROVISION FOR SERVICE AWARD

The Company shall attempt to obtain a determination from the appropriate District rector of Internal Revenue that this Plan is a qualified plan under the provisions of ction 401 (a) of the Internal Revenue Code of 1954. If changes in the language of this an are required in order to obtain such determination, the Company will make such anges. If such determination is obtained, and so long as such determination remains effect, the Company will provide for the payment of the benefits hereunder. In the ent such determination is not obtained, or ceases to remain in effect, the Company and e Union shall negotiate as to the manner and means of providing for, and paying, the nefits hereunder.

SECTION V
MISCELLANEOUS

1. An Employee who is laid off and is eligible for recall shall not be entitled to Service Award,

2. An Employee by his acceptance of a Service Award thereby terminates his service th the Company and loses all seniority and re-employment rights, and may be rehired ly at the option of the Company and then only as a new employee without credit for evious service.

3. An Employee discharged for cause is not entitled to a Service Award.

4. A temporarily disabled Employee who leaves the service of the Company of his wn volition prior to his Normal Retirement Date, and who is still considered employable the Company, is not entitled to a Service Award.

SECTION VI
SPECIAL DISTRIBUTIONS ON DISCONTINUANCE OF OPERATIONS

1. In the event that all operations of the Employer at the plant covered by this greement of which this Exhibit is a part shall be completely and permanently discon-inued, a Special Distribution shall be payable to each Employee

(a) whose employment is terminated as a result of such discontinuance of operations,
(b) who at the time of such termination of employment had completed 5 or more years of continuous service,
(c) who is not eligible for a pension under any pension plan (other than a deferred vested pension under the Pension Plan with respect to a prior period of continuous service) of the Employer, and
(d) who is not eligible for a Service Award under the provisions of Section II above;

vided, however, that an Employee ineligible for a Special Distribution by reason of eligibility for a deferred vested pension under the Pension Plan with respect to any t or all of the same period of continuous service upon which the Special Distribution herwise payable to him would be based, may become eligible to receive such Special tribution by making an election in writing to receive the same in lieu of the deferred ted pension under the Pension Plan based upon such period of continuous service. h written election must be made by the Employee within 30 days from the date of the rmination of his employment hereunder; otherwise, he shall be deemed forever to have ived his right to a Special Distribution in lieu of such deferred vested pension.

2. The amount of the Special Distribution will be equal to the amount of the rvice Award, as computed under Section III above, which the Employee would have been titled to receive, at the time his employment was terminated by reason of the scontinuance of operations, if he had then been retired by his Employer because he was longer able to meet the requirements of his job and was unable to qualify for transfer another job.

ARTICLE III - INSURANCE PROGRAM

The Lee Rubber & Tire Corporation Insurance Program, set forth in the Agreement tween the parties hereto, dated April 6, 1950, and as subsequently amended (hereafter metimes called the "Insurance Program") is hereby amended, effective as of July 1, 59, to read as follows, and as so amended the Insurance Program shall be continued effect for the duration of this Agreement for all Employees in the bargaining unit vered by the working agreement between the parties hereto:

THE LEE RUBBER & TIRE CORPORATION INSURANCE PROGRAM

HOSPITALIZATION, SURGICAL-MEDICAL, AND HEALTH AND ACCIDENT

A. Hospital Expense Benefits for Employees and Dependents

1. General

Benefits will be provided by the Company and without cost to Employees for hospital confinement approved by a doctor licensed to practice medicine, a dental surgeon or a chiropodist and due to an accident or sickness not covered by a Workmen's Compensation Act.

For semi-private accomodations the benefit will be equal to the hospital's daily charge for room and board for a semi-private room.

For private accomodations an allowance will be paid equal to the hospital's average daily charge for room and board for a semi-private room.

2. Benefits for Employees and Dependents

Room and board benefits will be paid up to a maximum of 120 days for any one confinement. There will be no limit to the number of hospital confinements for which benefits will be paid if they are due to different causes, or if they are separated by complete recovery or by a period of 90 days, or in the case of an Employee, if they are separated by return to full-time work.

Where there is a hospital charge for room and board, additional benefits will be provided without limit for the following: miscellaneous hospital-medical services, administration of anesthesia, and ambulance service provided by

any hospital or professional ambulance service (but not for more than 100 miles). These benefits will also be paid when there is no hospital charge for room and board if the Employee or his dependent is confined in a hospital either for an operation or for emergency care following an accident (including removal of sutures or casts applied for treatment of injury sustained in such accident), or is ordered to a hospital for emergency care by a doctor licensed to practice medicine or an officer of the law. When usual miscellaneous hospital-medical services are not available in a hospital or when, for other legitimate reasons, a doctor decides to provide such services in the hospital, the charges will be paid provided such charges do not exceed the usual hospital charges for such service.

Maternity benefits will be paid for pregnancies commencing while a female Employee or wife of an Employee is insured under this Program. For any one pregnancy the daily hospital room and board benefit and additional benefits will be the same as for non-maternity confinements.

Charges directly connected with X-rays (other than dental) for diagnostic purposes in a hospital or the office of a doctor licensed to practice medicine or of a chiropodist, and charges made for diagnostic laboratory tests (such as basal metabolism, electrocardiograph, etc.) conducted in a hospital out-patient department, will be paid under the allowance for special charges, without requiring hospital confinement, when authorized by a doctor licensed to practice medicine. The maximum allowance for all such diagnostic services for an Employee arising out of the same condition will be $70.00 for any consecutive 12 months' period. The maximum aggregate allowance for all such diagnostic services for the dependents of an Employee will be $70.00 during any consecutive 12 months' period.

For Employees only, charges made for X-ray and radium therapy treatments in a hospital out-patient department will be paid when authorized by a doctor licensed to practice medicine. The maximum allowance for all such treatment arising out of the same condition will be $150.00 for any consecutive 12 months' period.

The term "consecutive 12 months' period" shall mean that period immediately following the date on which charges are first incurred pursuant to the benefits provided.

B. Surgical Benefits for Employees and Dependents

Benefits will be paid for surgical operations due to an accident or sickness. The operation may be performed in or out of a hospital by a doctor licensed to practice medicine.

Payment will be made for the fee charged by the doctor up to the maximum amount shown for that operation in the Schedule of Maximum Surgical Benefits which is made a part hereof by reference, such Schedule to be amended, however, to increase the allowance for excision of Baker's cyst to $75.00 and for drainage of infected sebaceous cyst to $10.00. If any operation specified in the attached Schedule of Operations by Oral Surgeons (D.D.S.) and Chiropodists, is performed by an oral surgeon (D.D.S.) or a chiropodist, payment will be made for the fee charged by him up to the said maximum amount.

The Company's insurance carrier will determine a consistent payment for any

cutting operation not specified in the Schedule for maximum Surgical Benefits performed by a doctor licensed to practice medicine unless payment for the operation is expressly excepted in such Schedule or by the other terms of the insurance.

The maximum payment for all operations during any one period of disability will not be more than $250 unless the operations are due to different causes, or are separated by complete recovery, or by a period of 90 days. Two or more surgical operations performed through the same abdominal incision will be considered as one operation. There will be no limit to the number of operations for which benefits will be paid if the operations are due to different causes, or if they are separated by complete recovery, or by a period of 90 days, or in the case of an Employee, if they are separated by a return to full-time work.

Benefits for obstetrical procedures will be paid only for pregnancies commencing while the female Employee or wife of an Employee is insured under the Program.

C. Hospital-Medical Benefits for Employees and Dependents

1. General

Benefits will be paid for visits by a doctor licensed to practice medicine during a hospital confinement. Benefits will not be available for injury or sickness covered by a Workmen's Compensation Act.

Benefits will not be payable for any calls made during a confinement during pregnancy, or for calls made at the time of an operation, or for calls made after an operation, if due to a condition which caused the operation; provided, however, that when, during a non-surgical, non-maternity confinement, it becomes necessary to perform surgery for a condition different from the cause of the original confinement, benefits under this Paragraph will not be denied on that account.

The amount of benefit will be the fee charged by the doctor up to $5 for each of the first two days that he makes one or more calls, and up to $3 for each day that he makes calls thereafter during the first 120 days of confinement.

There is no limit to the number of periods of hospital-medical services for which benefits will be paid if the confinements are due to different causes, or if they are separated by complete recovery, or by a period of 90 days, or in the case of an Employee, if they are separated by a return to full-time work.

D. Sickness and Accident Benefits for Employees

1. General

Benefits will be paid to Employees for illness or injury while under the care of a doctor licensed to practice medicine. For purposes of the preceding sentence, a doctor licensed to practice medicine shall include an oral surgeon (D.D.S.) or a chiropodist. Benefits will be payable from the first day of absence caused by disability due to occupational or non-occupational injury and by disability due to occupational illness, and from the eighth day of absence caused by disability due to non-occupational illness. Benefits will be paid for the duration of the disability not to exceed 26 weeks for each period of disability. Benefits will be limited to 6 weeks for all disabilities due to any one pregnancy. Benefits for disability due to pregnancy will be available only if the pregnancy commences after the Employee becomes insured under this Program.

There will be no limit to the number of different periods of disability for which benefits will be paid if the Employee is under age 60. If the Employee is age 60 or over, benefits will be paid not to exceed 26 weeks for all disabilities during any 12 consecutive months.

Periods of disability due to the same cause will be considered the same period of disability unless separated by return to full-time work for at least 2 weeks. Periods of disability due to different causes will be considered different periods of disability if separated by return to full-time work.

2. The Benefits

The amount of weekly benefit will be $40 for male Employees and $30 for female Employees.

Employees who become disabled shall notify the Employing Company's Insurance Department of such disability not later than ten days following the first day of the period for which benefits under this Section D are claimed, and shall give new notice thereof at intervals of no more than 30 days thereafter for the duration of such disability. If any such notice is not timely filed, no benefits will be paid for periods previous to such notice unless the delay shall be shown to have been unavoidable and satisfactory evidence of physician's care and disability is furnished.

Eligibility for Insurance

1. Employees who complete 30 days of service credit prior to July 1, 1959, will be covered by the provisions of this amended Program on such date; and other Employees will be so covered on the day following completion of 30 days of service credit; provided, however, that any Employee not actively at work on the day he would otherwise have been covered by the provisions of this amended Program will be so covered immediately following his return to active work, and in the meantime will have such coverage for hospital expense, surgical and hospital-medical benefits, if any, and for such period of time, as is provided for him under the Program in effect prior to July 1, 1959. The foregoing shall not be construed to exclude Employees from this amended Program who are on vacation, leave of absence for Local Union activities in an official representative capacity or who are working less than their standard shift.

2. Coverage for an Employee's dependents will become effective on the same date as the Employee's coverage except that if a dependent is confined in a hospital (other than by reason of birth) when the insurance for that dependent would otherwise become effective, the insurance will become effective upon final discharge from the hospital.

3. An Employee's dependents are:
   (a) the spouse, and unmarried children of the Employee under 19 years of age
   (b) unmarried children of the Employee who are dependent for support and maintenance upon the Employee and are over 19 years of age, provided they are either full-time students or are mentally or physically incapable of self-support.

The word "child" in addition to the Employee's own children includes such stepchildren, foster children or other children (all unmarried) as depend wholly upon the Employee for support and maintenance and live with him in a normal parent-child relationship.

If an Employee acquires a child dependent other than by birth, legal adoption, or marriage, such dependent shall not become eligible until three months have elapsed from the date such child was added to the Employee's insurance record.

The Employee shall complete proper insurance forms to be made available to him for the recording of eligible dependents. The Employee shall promptly advise the Company of any change in eligible dependents.

4. There shall be no duplication of benefits under paragraphs A, B, and C of this Section I with respect to the insurance of any person covered hereunder, whether such duplication would arise from a person's status as an Employee or a dependent.

Any Employee who works for another employer and, by reason of such employment, he or his dependents are covered by another employer-furnished non-contributory group hospitalization, surgical or medical benefit program shall be entitled only to the benefits of paragraphs A, B, and C of this Section I which are in excess of the other plan, provided his credited length of service is less with the Company than with the other employer.

If the spouse or other dependent of an Employee is employed and, by reason of such employment, is covered by another employer-furnished non-contributory group hospitalization, surgical or medical benefit program for himself or dependents, the amount payable under paragraphs A, B, and C of this Section I shall be reduced by the value of any benefits which are provided under such other plan.

In those cases where the husband and spouse are employed, the male Employee shall be covered by the primary insurance and include his dependent children. The female Employee shall be covered as a single individual with no dependents.

F. Medical Examination by the Company
Disabilities giving rise to claims for any benefits under this Section I may be verified by the Company by medical examination at any reasonable time. Benefits may be suspended if the claimant fails to have such examination made.

If any dispute shall arise concerning the disability of any Employee, such difference shall be resolved as follows: The Employee shall be examined by a physician appointed for the purpose by the Company. If the Employee's physician and the Company's physician should disagree concerning the disability, that question shall be submitted to a third physician selected by such two physicians. The medical opinion of the third physician after examination of the Employee and consultation with the other two physicians shall decide such question. The expenses of the third physician shall be borne jointly by the Company and the Employee.

G. Hospital
The term "hospital" shall mean a general hospital equipped to handle all

regular medical and surgical cases, except U.S. Veterans' hospitals, but shall not include those institutions whose main facilities are designed for the treatment of injuries or sickness by methods other than medicine or surgery. It must have a resident staff of registered graduate nurses, a resident doctor facilities for the care of bed patients on an in-patient basis, facilities for surgery and routine laboratory and X-ray facilities. It must operate on a 24 hour basis and be licensed, as a hospital, by the state in which it operates providing it is so required by such state. In no event, however, shall such term include an institution which is principally a rest home, nursing home, or home for the aged or is primarily engaged in the care and treatment of drug addicts or alcoholics.

Any payment of any benefit under Paragraph A which is payable to a hospital, physician, or other person shall be paid directly to the hospital, physician, or other person entitled thereto. If any Employee pays directly to the hospital, physician, or other person entitled thereto any of the charges upon which the claim is based and furnishes the Company or insurance carrier satisfactory evidence of such payment, such Employee shall be paid the benefit payment in accordance with the provisions hereof.

H. Termination of Insurance

Except as described in the "Lay-off" and "Leave of Absence" provisions in Section III, all insurance under this Section I will terminate when employment with the Company terminates except as follows:

(a) The Hospital, Surgical, and Hospital-Medical Expense Benefits for an Employee or dependent will be extended for 3 months following termination of insurance to cover a hospital confinement or an operation resulting from a continuous total disability which began while the insurance was in force.

(b) Maternity benefits payable under Paragraphs A and B above of this Program will be extended for 9 months to cover a hospital confinement or obstetrical procedure due to pregnancy which commenced before the insurance terminated.

I. Definition of "Physician"

Wherever the word "physician" or "doctor" is used in this Section I, it shall mean either a Doctor of Medicine (M.D.) or a Doctor of Osteopathy (D.O.).

J. Employees who have retired and who are eligible for a pension pursuant to the Pension Plan, or Employees who have reached their Normal Retirement Date and who are eligible for a Service Award, shall receive the benefits provided for in Paragraphs A, B, and C of this Section I (other than for charges described in the fourth and fifth subdivisions of Paragraph A (2), unless such charges are for treatments during a hospital confinement), except that dependents of such Employees will not be covered unless they were dependents at the time of the Employee's retirement; provided, however, that each Employee eligible pursuant to the Pension Plan for a deferred vested pension whose employment with the Employer is terminated at or after his attainment of the age of 60 years shall also receive such benefits effective as of the first day of the month for which he receives a deferred vested pension. To the extent that such Employees are covered hereby only those dependents who are dependents at the time of the Employee's retirement shall be covered by this provision.

II. GROUP LIFE INSURANCE AND NON-OCCUPATIONAL ACCIDENTAL DEATH AND DISMEMBERMENT INSURANCE

A. The Company will provide, without cost to the Employees, (1) Life insurance benefits of $4,500, and (2) non-occupational accidental death and dismemberment insurance benefits of $4,500, for each regular full-time Employee beginning on the date this amended Program becomes effective or the date following the date on which he completes thirty (30) days of continuous active employment, whichever is later, provided that an Employee not actively at work on the date his coverage would otherwise become effective will immediately become insured upon return to active work; provided, however, that Employees already covered under the Insurance Program of 1950, as amended, shall be covered hereunder for the life insurance (but not the accidental death and dismemberment insurance) benefits as of the date this amended Program becomes effective, even though they are not then actively at work.

B. The full amount of accidental death and dismemberment insurance benefits shall be payable if a non-occupational accident causes the loss of

Life	One hand and one foot
Both hands	One hand and sight of one eye
Both feet	One foot and sight of one eye
Sight of both eyes	

One-half of such amount shall be payable if a non-occupational accident causes the loss of one hand, one foot, or the sight of one eye; provided, however, that the full amount will be paid only once to or on account of any Employee.

C. Unless otherwise specifically provided in this Paragraph C, all insurance coverage under this Section II shall cease on the date of termination of an Employee's regular active employment with the Company regardless of the reason therefor. Exceptions shall be made with respect to such cessation of coverage only in the following cases to the extent indicated:

1. The full amount of the life insurance and accidental death and dismemberment insurance coverage of a covered Employee may be continued during a leave of absence to the extent provided in Paragraph B of Section III.

2. The life insurance (but not the accidental death and dismemberment insurance) coverage of a covered Employee who is retired on his Normal Retirement Date or Early Retirement Date under the Company's Pension Plan and is entitled to a pension or service award thereunder will be continued thereafter in the amount of $2250.

Must refer to Pension provisions

3. The life insurance (but not the accidental death and dismemberment insurance) coverage of a covered Employee who is eligible under the Company's Pension Plan for a deferred vested pension and whose employment with the Company is terminated at or after his attainment of age 60 shall be made effective with respect to such Employee as of the first day of the month for which he receives a deferred vested pension and shall be continued thereafter in the amount of $2250.

4. The life insurance (but not the accidental death and dismemberment insurance) coverage of a covered Employee who is retired under the Company's Pension Plan before his Normal Retirement Date because of permanent disability (as defined in said Pension Plan) will be continued in the full amount until the Employee attains his Normal Retirement Date; thereafter his life insurance

exceptions are broad + include all Life Ins.

(but not the accidental death and dismemberment insurance) coverage will be continued in the amount of $2250.

5. The life insurance (but not the accidental death and dismemberment insurance) coverage of a covered Employee who is released from employment after he has completed 5 or more years of continuous service with the Company because he is no longer able to meet the requirements of his job and is unable to qualify for transfer to another job and who has received a service award will be continued thereafter in the amount of $2250.

6. The life insurance (but not the accidental death and dismemberment insurance) coverage of a covered Employee who becomes totally disabled for employment before he has completed 5 years of continuous service for the Company will be continued in the full amount for the period of such disability not to exceed his period of employment completed prior to such disability.

GENERAL PROVISIONS

A. Layoff
In the event of layoff, coverage under Paragraphs A, B, and C of Section I of this Insurance Program will be continued to the end of the calendar month following the month during which the layoff occurs. By application by the Employee to the insurance carrier during such period and payment by such Employee of the current group rate premium at least monthly in advance, coverage under Paragraphs A, B, and C of Section I may be continued for a maximum of one year following such period.

B. Leave of Absence
During authorized leave of absence, except for military service, coverage under this Insurance Program will be continued for a period not to exceed 90 days, except that all coverage under this Insurance Program shall be continued in force during the period of any leave of absence granted by the Company for Union activities to those employed by a Local Union in an official or representative capacity.

C. Injury or Sickness
Employees off work due to injury or sickness will continue to be insured, subject to the provisions of this Insurance Program, during the period in which they accumulate seniority.

D. This Insurance Program as described above may be appropriately modified where necessitated by federal or state statute or regulation.

E. An insurance certificate or rider shall be issued to each Employee outlining his benefits in connection with the insurance coverage provided hereunder.

F. The Company may, alone or in conjunction with other corporations subsidiary to or affiliated with the Company, enter into a contract or contracts with an insurance company or insurance companies to provide the insurance benefits described herein, and, upon so doing, the Company shall be relieved of any individual liability to any Employee or any beneficiary designated by such Employee other than to maintain such contract or contracts in force for the duration of this Agreement. The employer shall be liable for benefits described in this Insurance Program which are not provided in said insurance contracts. In the event any dispute shall arise based on the question whether the Company

has provided the insurance benefits hereinabove described, such dispute shall be subject to the grievance procedure of the Working Agreement then in effect, including arbitration; omitting, however, all steps preceding presentation of grievance to the Personnel Department of the Company.

G. The benefits provided by this Insurance Program are in lieu of any and all similar benefits which are or may be provided by any law or laws. Any amounts required to be paid by the Company as contributions, taxes or benefits under any law or laws providing occupational or non-occupational insurance benefits shall reduce to the full extent thereof the amounts the Company shall be required to pay hereunder, and appropriate adjustment shall be made in the benefits available hereunder.

ARTICLE IV--SUPPLEMENTAL WORKMEN'S COMPENSATION BENEFITS

Effective with respect to disability caused by occupational injury or occupational illness occurring on and after July 1, 1959, the following plan of Supplemental Workmen's Compensation Benefits will continue in effect for the duration of this agreement for all employees in the bargaining unit covered by the Working Agreement between the parties hereto:

SUPPLEMENTAL WORKMEN'S COMPENSATION BENEFITS

General

Subject to the conditions stated in Paragraph E below, an employee who is absent from work due to a temporary total disability caused by occupational injury or occupational illness resulting from employment with the Company, and who becomes eligible for weekly benefits under the Workmen's Compensation Law for such absence, will receive the amount of Supplemental Workmen's Compensation Benefits specified in Paragraph C below. No payment shall be made hereunder unless the absence continues long enough for weekly benefits to be paid therefor under the applicable Workmen's Compensation Act; but when payments are made hereunder for an absence, the amount of payment will be computed from the first day of such absence.

Eligibility for Benefits

All employees in the bargaining unit who have completed thirty (30) days of plant seniority prior to July 1, 1959, will become eligible for the supplemental benefits with respect to occupational injuries or occupational illness occurring on or after July 1, 1959. Other employees in the bargaining unit will be eligible for the supplemental benefits with respect to occupational injuries or occupational illness occurring after the completion of thirty (30) days of plant seniority.

Amount of Benefits

The amount of weekly benefit will be eighty per cent (80%) of the employee's straight time average earnings of a normal work week (not including overtime and night shift bonus) as defined in the Working Agreement, minus the weekly benefit under the applicable Workmen's Compensation Act, and minus any weekly Sickness and Accident benefit under the Company's Group Insurance Program. If the absence continues long enough for payments to be made under the Workmen's Compensation Act for the first week of such absence, such payment will be applied as a credit against the amount due hereunder, or paid as reimbursement to the Company.

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Duration of Payment
Benefits will be paid for the duration of the disability not to exceed twenty-six (26) weeks, for each period of disability. Periods of disability due to the same cause will be considered the same period of disability unless separated by return to full-time work for at least ninety (90) days. Periods of disability due to different causes will be considered different periods of disability if separated by return to full-time work.

Conditions of Payment
Benefits pursuant to this Plan will be paid for any absence caused by occupational injury which is reported to the Dispensary promptly after such injury occurs, and for any absence caused by occupational illness which is reported to the Dispensary promptly after the time the Employee becomes aware of the existence of such illness. No benefits will be paid on account of any period of absence, other than the first week thereof as provided in Paragraph A hereof, with respect to which the Employee fails for any reason to become, or to continue, eligible to receive weekly benefits under the Workmen's Compensation Law.

Control of Benefits
The Union agrees to cooperate with the Company in preventing or eliminating any abuse of this Supplemental Workmen's Compensation Benefit Plan.

Grievance Procedure
If any difference shall arise between the Company and any Employee who shall be an applicant for Supplemental Workmen's Compensation Benefits with respect to such Supplemental Workmen's Compensation Benefits, and if agreement cannot be reached between the Company and such Employee on such difference, such question may be taken up as a grievance under the Grievance Procedure provided for under the applicable Working Agreement at the level at which a grievance is presented to the Company's grievance committee. If any such grievance shall be taken to arbitration in accordance with such procedure, then the arbitration board shall have authority only to decide the question pursuant to the provisions of this Plan applicable to the question, but shall have no authority in any way to alter, add to or subtract from any of such provisions. The decision of the arbitration board on any such question shall be binding on the Company, such Employee and all other interested parties.

ARTICLE V - DURATION AND TERMINATION

1. The amendments to the Pension Plan provided for in ARTICLE I of this Agreement ll be contingent upon and subject to the approval of the Board of Directors of the pany; and also subject to the approval of the holders of its Common Stock, if the rd of Directors directs that it be submitted to such shareholders. If either such rd of Directors or such shareholders shall disapprove such amendments, the Union may minate this Agreement together with the Working Agreement if it desires to do so, n sixty days' written notice. Upon the approval or disapproval of such amendments the Pension Plan by the Board of Directors of the Company or by the holders of its mon Stock, the Company will promptly notify the Union of such action.

2. The amendments to the Pension Plan provided for in ARTICLE I of this Agreement ll also be contingent upon obtaining any required approvals. If such approvals are received, the Company shall promptly notify the Union and representatives of the ties hereto shall meet within ten days thereafter for the purpose of negotiating h regard to such modifications.

ONLY COPY AVAILABLE

3. Subject to the conditions set forth in Paragraphs 1 and 2 of this ARTICLE V, d subject to the approval of this Agreement by the Local Union, this Agreement shall come effective on July 1, 1961.

4. This Agreement constitutes a settlement for the duration of this Agreement of issues with respect to the subject matters covered hereby, and, while this Agreement ntinues in effect, the Company shall have no obligation to negotiate or bargain with Union with respect to any subject matter covered hereby, nor shall there be any strike work stoppage with respect to such matters. Any termination of the Working Agreement accordance with the provisions thereof shall not affect the duration of this Agreement, shall such termination of the Working Agreement be deemed to open for negotiation the bject matters covered by this Agreement. The fact that this agreement continues in fect shall not prevent the parties from engaging in a strike or lockout with respect to subject matter not covered by this Agreement, if such strike or lockout may be engaged lawfully under the terms and provisions of the Working Agreement.

During the duration of this Agreement a report will be prepared annually covering the rations of the Pension Plan, and the Union shall be furnished with copies thereof. From e to time during the term of this Agreement, the Union shall be furnished with such ditional information as shall be reasonably required for the purpose of enabling it to be perly informed concerning the operation of the Pension Plan insofar as it affects the loyees.

6. Except as provided in Paragraph 7 of this Article V, this Agreement shall continue force until June 30,1966, and thereafter shall renew itself for yearly periods unless tten notice of desire to amend this Agreement is given by either the Union or the Company the other not less than sixty days, nor more than seventy-five days prior to the expira- ndate of the original term or any renewal term. In the event such notice is given, otiations shall begin at least thirty days prior to such expiration date unless other- e mutually agreed. If negotiations are not satisfactorily concluded prior to said ex- ation date, this Agreement shall continue in full force and effect thereafter, subject the right of either the Union or the Company to terminate this Agreement, together with Working Agreement if it desires to do so, by giving sixty days' written notice to the er.

7. During the term of this Agreement, the Union and the Company shall each have the ht to open this Agreement once for renegotiation of its provisions by giving a sixty written notice of such desire to the other party; provided, however, that no such ice shall be given prior to May 1, 1964. In the event such notice is given, negotiations ll begin within thirty days thereafter unless otherwise mutually agreed. If negotiations not satisfactorily concluded by the end of such sixty day period, this Agreement shall tinue in full force and effect thereafter, subject to the right of either the Union or Company to terminate this Agreement, together with the General Working Agreement, if desires to do so, by giving sixty days' written notice to the other.

8. In the event at any time the Working Agreement shall have been terminated by either Union or the Company, in the exercise of a right given in this Agreement to cause such nination in conjunction with the termination of this Agreement, and the parties shall sequently settle the issues involved in this Agreement which resulted in the termination reof, the Working Agreement shall be immediately reinstated in full force and effect.

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IN WITNESS WHEREOF, the parties hereto, by their duly authorized representatives, e executed this Agreement at Conshohocken, Pennsylvania, on the day and year first ve written.

AL UNION #227
TED RUBBER, CORK, LINOLEUM &
STIC WORKERS OF AMERICA, AFL-CIO

LEE RUBBER & TIRE CORPORATION
(CONSHOHOCKEN PLANT)
CONSHOHOCKEN, PENNSYLVANIA

International Representative

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PRO # 37

AMENDMENT TO AGREEMENT FOR PENSION, SERVICE AWARD AND INSURANCE BENEFITS

(3)

This Agreement, made and entered into this 17th day of December 1962, by and ween Lee Rubber & Tire Corporation, Conshohocken Plant, Conshohocken, Pennsylvania reinafter referred to as the "Company", and Local Union No. 227, United Rubber, Cork, oleum and Plastic Workers of America, hereinafter referred to as the "Union".

AMENDMENT

The non-contributory Pension Plan of Lee Rubber & Tire Corporation, effective of April 6, 1950, as amended on June 30, 1961 to become effective July 1, 1961, ll be further amended effective July 1, 1961, as follows:

ARTICLE I
SECTION VII
FUNDING
Revise Paragraph 1 to read as follows:

The Company agrees to begin the funding of pension benefits under the Plan not later than July 1, 1962 for all former employees receiving pension benefits from the Company as of June 30, 1961, and for all employees who qualify for pension benefits on or after July 1, 1961, by means of payments into a pension trust or trusts or payments under an insurance contract or contracts, or in such other manner as may be permitted by applicable law and rulings and regulations, and thereafter to continue to make payments as aforesaid, in at least such amounts as, in the opinion of a qualified actuary, shall be required at the end of each year to meet at such time the minimum funding requirements then in effect for qualified plans under applicable provisions of the Internal Revenue Code and rulings and regulations of the Internal Revenue Service.

The Company agrees to contribute to the Fund at least a full year's minimum payment as provided under this Section VII, for the year 1962, less the total amount of pensions paid during the year 1962, such payment to be made not later than January 15, 1963, or such extended date as may be allowed by Internal Revenue Service for the filing of the Company's income tax return for the fiscal year ended October 31, 1962; at least a full year's minimum payment for the year 1963, as provided under this Section VII; and at least a full year's minimum payment for the year 1964 as provided under this Section VII, such payment to be made not later than June 30, 1964.

ARTICLE I
SECTION VIII
GENERAL PROVISIONS
Revise Paragraph 3 to read as follows:

Subject to the provisions contained in Article V of this Agreement, the Company reserves the right to modify, amend, or terminate this Plan, in whole or in part, at any time and for any reason. The benefits of the Plan and those covered by and referred to under Sections I, II, III, IV and V of Article II of this Agreement will be only such as can be provided by the assets of the Pension Fund and there shall be no liability or obligation on the part of the Company to make any further contributions to the Trustee in the event of the termination of this

MSJ EX.4

Agreement or of the Plan, and no liability for the payment of any benefits under the Pension Plan or for the payment of any benefits covered by and referred to under Sections I, II, III, IV and V of Article II of this Agreement will ever be imposed on the Company or any officers, employees, agents, directors or stockholders of the Company, it being understood that all above-mentioned benefits shall be satisfied only from and to the extent of the funds available in the Pension Fund.

Add New Paragraph 6 as follows:

In the event of termination of the Plan, the funds of the Plan shall be used for the exclusive benefit of the employees and the pensioners under the Plan as of the date of such termination, except that any funds not required to satisfy all liabilities of the Plan for benefits because of erroneous actuarial calculations shall be returned to the company. The Pension Board shall determine on the basis of actuarial valuation the share of the funds of the plan allocable to each employee and pensioner, and if the funds are insufficient to provide in full for the respective shares so allocable then such funds shall be used in the first place for pensioners already retired and the balance, if any, shall be used for any other employees qualifying under the Plan on a pro rata basis.

ARTICLE II
SECTION VI
SPECIAL DISTRIBUTIONS ON DISCONTINUANCE OF OPERATIONS
Revise Paragraph 1 to read as follows:

In the event that all operations at the plant covered by this Agreement shall be completely and permanently discontinued prior to the termination of this Agreement, a Special Distribution shall be payable to each employee

(a) whose employment is terminated as a result of such discontinuance of operations,
(b) who at the time of such termination of employment had completed 5 or more years of continuous service at such plant,
(c) who is not eligible for a pension under any pension plan (other than a deferred vested pension under the Pension Plan with respect to a prior period of continuous service) of the Company or any succeeding Employer and
(d) who is not eligible for a Service Award under the provisions of Section II above;

provided, however, that an Employee ineligible for a Special Distribution by reason of his eligibility for a deferred vested pension under the Pension Plan with respect to any part or all of the same period of continuous service upon which the Special Distribution otherwise payable to him would be based, may become eligible to receive such Special Distribution by making an election in writing to receive the same in lieu of the deferred vested pension under the Pension Plan based upon such period of continuous service. Such written election must be made by the Employee within 30 days from the date of the termination of his employment hereunder; otherwise he shall be deemed forever to have waived his right to a Special Distribution in lieu of such deferred vested pension.

ARTICLE V
DURATION AND TERMINATION
Revise Paragraph 2 to read as follows:

2. The amendments to the Pension Plan provided for in ARTICLE I of this Agreement shall also be contingent upon obtaining any required approvals. Notwithstanding any provisions to the contrary, the Company will promptly submit this Plan and/or Agreement to the District Director of Internal Revenue for approval and make every effort to procure approval as promptly as possible. If such approvals are not received, the Company shall promptly notify the Union and representatives of the parties hereto shall meet within ten days thereafter for the purpose of negotiating with regard to such modifications.

IN WITNESS WHEREOF, the parties hereto, by their duly authorized representatives have executed this Agreement at Conshohocken, Pennsylvania, on the day and year first above written:

LOCAL UNION #227
UNITED RUBBER, CORK, LINOLEUM &
PLASTIC WORKERS OF AMERICA, AFL-CIO

Charles T. Hess Jr.
James P Donovan
H E Delaney
Clarence C Cobb
Walter Tarlton
William F. McCann
James A Murphy
Anthony Stelmaszek

LEE RUBBER & TIRE CORPORATION
(CONSHOHOCKEN PLANT)
CONSHOHOCKEN, PENNSYLVANIA

Michael L. Sabol
International Representative

Def's Ex X id. 4/20/67 MD

PTO #38

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1610A

April 18, 1963

Mr. Charles T. Hess, President
Local 227, United Rubber, Cork,
Linoleum and Plastic Workers of America
621 West LaFayette Street
Norristown, Pennsylvania

Dear Mr. Hess:

In accordance with the terms of our Collective Bargaining Agreement dated June 30, 1961 and our Amended Agreement on Supplemental Unemployment Benefits, dated June 30, 1961, and with the terms of the Federal Labor-Management Relations Act, you are hereby notified that we desire to terminate said Agreements as of midnight, June 30, 1963.

We offer to meet and confer with you for the purpose of negotiating new agreements to replace the two abovementioned agreements, and we shall contact you in due course in order to establish a mutually convenient date for this purpose.

LEE RUBBER & TIRE CORPORATION

A. A. Garthwaite, Jr.

cc: Mr. Michael G. Sabol ✓
Starr Street
Phoenixville, Penna.

Messrs. Clairmont
Heinrich
Conway

Dep ERHS 1611A

(6)

39

PTO #39

April 29, 1963

Mr. Joseph J. Conway
Personnel Director
Lee Rubber & Tire Company
Conshohocken, Pennsylvania

Dear Mr. Conway:

As President of and on behalf of Local Union No. 227 of the United Rubber, Cork, Linoleum and Plastic Workers of America, I herewith give you written notice in accordance with the existing Collective Bargaining Agreement, and I also give you sixty (60) days written notice as required by the Taft-Hartley Act, that the Union desires to amend the Collective Bargaining Agreement and SUB Agreement which are now in effect, and to terminate the Collective Bargaining Agreement if satisfactory settlement on the above-mentioned Agreements is not reached.

The Union will keep in effect the existing terms and conditions of employment for the period required by the existing Collective Bargaining Agreement and herewith offers to meet and confer with you for the purpose of negotiating and modifying the Agreements accordingly.

Please advise me when and where the Union representatives may meet with your representatives for the purpose of commencing negotiations.

Very truly yours,

Charles Hess, Jr., President
Local Union No. 227

CH:bjs

cc: Mr. Michael G. Sabol
Field Representative

REC'D
JUN 11 1963

PTO #40

10

LEE RUBBER & TIRE CORPORATION

-(Lee Division)

Conshohocken, Pennsylvania

STRONG-NAROVEC & COMPANY

Management Consultants
Cleveland, Ohio

MSJ EX. 6

COST & PRODUCTION ANALYSIS

urpose of the Study: The study was conducted for the purpose of verifying ertai.. costs, production data and financial information which was presented y the Company at a meeting with the Local and International Union representatives on April 16, 1963.

cope of the Study: The Company indicated that the pertinent data which had direct bearing on the situation being discussed was contained in the accounting and operating records of the current fiscal year (starting November , 1962). The verification was therefore limited to the six month period ending April 30, 1963. Where a comparison was made with prior years, the source or the prior years' data was the same as that which had been verified for current accuracy and there is no reason to doubt the substantial correctness of his information. The study was confined to the operations of the Lee Division t Conshohocken, Pa. and include the entire operations of that Plant.

Volume: As a basis for evaluating the reduction in volume of sales and production, a review was made of the pounds of rubber processed in the preceding four fiscal years. While the year 1959 showed an average monthly production in excess of 5,100,000 pounds, each of the following three years showed an almost identical monthly average of about 4,000,000 pounds produced. This latter figure was used as a benchmark to compare month-by-month production during the first six months of the current year (Line 1, Exhibit A). The Company produced contract data and correspondence verifying the loss of a major portion of its business which formerly originated from a single purchaser. The

ONLY COPY AVAILABLE

Company is seeking to rebuild its volume by means of a drastic reorganization of its branch operations and with its private brand sales, but can only achieve this goal by a reduction in cost which will permit it to price its products at a competitive level.

Employment: The average monthly man-hours worked (Union Employees only) was used as a gauge of employment (Line 2, Exhibit A). This average varied from a high 164,000 hours in 1959 to 136,000 hours in fiscal year 1962, with an average of 137,200 hours in the three year period used in A, above. The current six month period is compared to this average as a means of evaluating both the reduction in work force and the reduction in hours worked.

Production: The pounds of rubber produced per man-hour during the four year period are as follows:

1959	-	31.22 Pounds
1960	-	28.48 "
1961	-	29.03 "
1962	-	30.05 "
1963*	-	25.81 "

As a basis for additional comparison, the actual average for the last three years (29.15) has been used (Line 3, Exhibit A).

Employment Cost (Union employees only): The 'per man-hour' cost of hourly wages and fringe benefits, and the 'per pound' cost were reported by the Company to be as follows:

1959	-	$3.168	-	$ .101
1960	-	3.341	-	.117
1961	-	3.451	-	.119
1962	-	3.786	-	.125
1963*	-	3.923	-	.152

* 1963 - (Six months through April 30, 1963)

In reporting the above data for the current six months (Line 4, Exhibit A) we have separated the base wages (including Overtime and Shift Premiums) from the cost of fringe benefits. This was done in order to permit a proper evaluation of (a) fluctuations in wages due to variations in overtime worked, and (b) fluctuations in fringe cost per hour due to the requirement, on the Company, to assume certain legal and contractual fringe obligations for varying periods beyond layoff date.

Conversion Cost: The Company's 'Conversion Costs' are calculated in the normal manner for the Rubber Industry and include all of the plant operating costs. 'Conversion Cost' does not include the plant Administrative costs, the Selling costs, the General Corporate costs or any provision for profits. The Conversion Cost per pound of rubber was verified in detail for the current six month period only, and no comparison was made with prior years. (Line 5, Exhibit A). The substantial rise in this cost during the period reflects the effect of both lower production per man-hour and lower volume on which to absorb plant overhead costs. The Company has established, as a budgeted target, what it considers to be an attainable conversion cost of 21¢ per pound and is pricing its competitive quotations on the basis of this 21¢ standard cost. It is obvious that quotations based on its current actual cost of 30¢ to 40¢ would make it impossible for the Company to obtain any competitive business. It produced industry records and schedules showing that the conversion costs for other companies were as low as 14.5¢ per pound but there was no opportunity to verify these industry figures. The inability of the Company to attract any measurable amount of additional business at this price level, however, would indicate that this premise is substantially correct.

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Price estimates, quotations and invoices to the two 'Private Brand' customers were examined to verify the fact that the 21¢ Conversion Cost was used as a basis for establishing the sales price to these customers as well as to verify the substantial losses which were being incurred on this business under the current actual cost of conversion. It was further noted that in both of these accounts the Sales Price was only slightly more than the cost of Materials and the 21¢ Conversion Cost, indicating that the Company was recovering only a fractional part of its Selling and Administrative costs at this price level. Also, in the case of the prices charged to the Pep Boys account, there was no opportunity to include any charge for the special molds involved and the Company had to absorb this mold cost as an additional loss.

Company Losses: The monthly statements of the Company were reviewed and verified as to acceptable accounting practices and accuracy and in our opinion the losses shown (Line 6, Exhibit A) are substantially correct. The depreciation rates used are commonly acceptable accounting practice and the use of any alternate rate schedules would have only a minor effect on the indicated losses or the conversion costs per pound. The effect of these losses on the financial position of the Company is self evident.

Conclusion: The various figures presented by the Company to the Local and International Union at the meeting in Akron, Ohio on April 16th have been found to be correct. The losses claimed at that time have been verified and have continued at an even greater rate to date. The reversal of this trend depends to a major degree upon an increase in the Company's

ales and production volume, and also on an increase in production per an-hour and a reduction in Conversion Cost per pound of rubber. Until such a time as the Sales volume is increased substantially, however, the effect of cost reductions and productivity increases, although unquestionably of great importance, will only be a reduction in the current amount of monthly losses.

We will be available to discuss this report and such other details and data as may be desired by the Company, and to participate in any discussions which will help the Company and the Union resolve this matter.

June 14, 1963

STRONG-NAROVEC AND COMPANY

C.A. Barbu, Vice President

1-a	Pounds of Rubber Produced	
b	% x Col. A	
2-a	Union Man-hours	
b	% x Col. A	
3-a	Pounds per Man-h	
b	% x Col. A	
4-a	Base Wages & Pre	
b	Fringe Benefits	
c	Total Cost per	
d	Cost per pound	
5	Conversion Cost	
6	Operating (Loss)	

PREPARED BY STRONG, NAROVEC AND COMPANY

ONLY COPY AVAILABLE

1617A

COST & PRODUCTION ANALYSIS

	(A) 1960,61,62 Monthly Ave.	Nov. 1962	Dec. 1962	Jan. 1963	Feb. 1963	Mar. 1963	Apr. 1963
	$ 4,000,000	2,447,159	2,288,179	1,503,410	1,204,127	1,061,557	1,357,330
	100.0	61.2	57.2	37.6	30.1	26.5	33.9
	137,200	84,637	84,900	63,117	53,113	45,734	50,383
	100.0	61.6	61.9	46.0	38.7	33.3	36.9
hour	29.15	28.91	26.89	23.82	22.67	23.21	26.93
	100.0	99.2	92.2	81.7	77.8	79.6	92.0
miums	$	3.171	3.024	3.128	2.950	2.910	2.915
		.707	.890	.881	.906	1.000	.963
lan-Hour		3.878	3.914	4.009	3.916	3.928	3.903
		.134	.145	.168	.173	.169	.186
per Pound	$ .2570	.2620	.3357	.3860	.3914	.3154	
)	$ (72,955)	(113,048)	(274,990)	(336,185)	(242,351)	(221,019)	

1619A

Pto 44 (7)

TM 29

DOMESTIC SERVICE
Check the class of service desired; otherwise this message will be sent as a fast telegram

TELEGRAM	
DAY LETTER	
NIGHT LETTER	

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S
E

WESTERN UNION
TELEGRAM

1206 (4-55)

W. P. MARSHALL, PRESIDENT

INTERNATIONAL SERVICE
Check the class of service desired; otherwise the message will be sent at the full rate

FULL RATE	
LETTER TELEGRAM	
SHORE-SHIP	

NO. WDS	CL. OF SVC.	PD. OR COLL.	CASH NO.	CHARGE TO THE ACCOUNT OF	TIME FILED
		collect		LEE RUBBER & TIRE CORP.	

Send the following message, subject to the terms on back hereof, which are hereby agreed to

Mr. Clement

June 29, 1963

PLEASE PROCURE RECEIPT

Mr. Charles T. Moos, Jr., President
Local 227, U.R.C.L.&P.W.A.
621 West Lafayette Street
Norristown, Pa.

ALSO TO: Mr. Michael C. Sabol
316 Starr Street
Phoenixville, Pa.

EVEN IF YOU REJECT OUR PROPOSED EXTENSION AGREEMENT WE WISH TO REASSURE YOU AND YOUR MEMBERSHIP THAT OUR PLANT WILL BE OPEN FOR BUSINESS ON MONDAY, JULY FIRST, NINETEEN SIXTY THREE AND THAT WE INTEND TO MAINTAIN THE SAME WAGES, HOURS AND WORKING CONDITIONS AS ARE IN FORCE BY THE EXPIRING AGREEMENT BUT WITHOUT ANY EXTENSION OF THAT AGREEMENT UNTIL SUCH TIME AS WE FORMALLY NOTIFY YOU TO THE CONTRARY.

LEE RUBBER & TIRE CORP. - W. L. HEINRICH, J. J. CORMAY

MSJ EX 6-A

PTO #42 (8) 1113 1620A

Class of Service
This is a fast message unless its deferred character is indicated by the proper symbol.

WESTERN UNION
TELEGRAM

1201 (4-60)

W. P. MARSHALL, PRESIDENT

SYMBOLS
DL = Day Letter
NL = Night Letter
LT = International Letter Telegram

The filing time shown in the date line on domestic telegrams is LOCAL TIME at point of origin. Time of receipt is LOCAL TIME at point of destination

PB017

(27) AM 10 52

P HXA042 PD=NORRISTOWN PENN 1 953A EDT=

J J CONWAY PERSONNEL DIR (GET SIG)= 1963 JUL 1 AM 10 47

LEE RUBBER AND TIRE CO CONSOHOCKEN PENN= Received 11:25 A.M.

THE COMPANIES OFFER TO EXTEND THE CONTRACT FOR 7 7-1-63
WORKING DAYS IS REJECTED. THE EXECUTIVE BOARD OF LOCAL JSC
227 IS INSTRUCTING ITS MEMBERS TO REPORT FOR WORK ON
JULY 1 1963 AND THEREAFTER AND TO WORK ON A DAY TO DAY
BASIS AS LONG AS THE COMPANY CONTINUES TO APPLY THE
TERMS AND CONDITIONS OF ALL AGREEMENTS. THE LOCAL
UNION EXECUTIVE BOARD RESERVES THE RIGHT TO CALL A
STRIKE AT ANY TIME IT FEELS SUCH ACTION IS NECESSARY=

CHARLES T HESS PRESIDENT LOCAL 227=

THE COMPANY WILL APPRECIATE SUGGESTIONS FROM ITS PATRONS CONCERNING ITS SERVICE

X-D

MSJ EX G-13

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1621A

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COPY

Plfs Ex 3 id.

LEE RUBBER & TIRE CORPORATION

6/5/67

CONSHOHOCKEN, PA.

ND

9

PTO #11-43

July 16, 1963

REGISTERED MAIL
RETURN RECEIPT REQUESTED

Mr. Charles T. Hess, President
Local 227, United Rubber, Cork,
Linoleum and Plastic Workers of America
621 West Lafayette Street
Norristown, Pennsylvania

Dear Mr. Hess:

Since the Company and the Union apparently have reached a deadlock for the time being regarding the key issues which have been intensively negotiated to date, despite the various amendments and concessions made by the Company from its original proposals, we see no basis on which we can continue any further the operations of the Lee Division on a day-to-day basis under the terms and conditions of the Working Agreement and the Supplemental Unemployment Benefits Agreement, both of which have expired on June 30, 1963.

As you know, the Company voluntarily made the arrangement to operate on such day-to-day basis until further notice in order to provide additional time for negotiations in the hope that we would be able to reach an agreement on the most important issues, but it is impossible for us to continue to do so any further. We are accordingly notifying you that effective as of the start of operations on Thursday, July 18, 1963 the Company shall discontinue applying the terms of the expired Working Agreement and SUB Agreement, and shall put into effect certain designated terms of employment contained in the Company's proposal, as amended to date during negotiations. These designated terms of employment, in our opinion, are necessary in order to operate on a sounder, more competitive and efficient basis than in the past, and thus relieve the Company of severe financial liabilities and losses which would otherwise result, and at least to some extent close the gap of the high cost of production between the Company and its competitors. A list of such new terms of employment shall be given to the Union representative as soon as possible before July 18, 1963 and we shall be available to discuss such new terms of employment at any time before and after said date.

As a result of the foregoing action, the Company also wishes to advise you that it intends to notify the Internal Revenue Service and the Trustee of the SUB Plan that the SUB Plan and Agreement have expired and are no longer in effect.

CONT'D

We are ready and willing at any time to negotiate regarding all issues including those Company proposals comprising the aforementioned terms of employment which the Company intends to put into effect on July 18, 1963.

The Company is further willing to make retroactive to July 18, 1963 any changes and adjustments that are finally agreed upon as a result of negotiations.

We wish also to advise you that the Company may from time to time, after notice and discussion with the Union, make such further changes in provisions regarding the terms and conditions of employment as may be desirable in order to enable the Company to achieve its goal of putting the operations of the Lee Division on a sounder and more competitive basis and reduce its high cost of production.

Yours very truly,

LEE RUBBER & TIRE CORPORATION

H. L. Hemmi

J. J. Conway

E
cc: Messrs. Sabol
Garber
McGee
Donnahoo

(to #44

1623A

LEE RUBBER & TIRE CORPORATION
CONSHOHOCKEN PLANT

NEW TERMS AND CONDITIONS OF EMPLOYMENT
EFFECTIVE 7 A.M. JULY 18, 1963

1. WAGES: All hourly and piece-work rates presently in effect shall be reduced by 20%. However, such wages and rates are subject to change from time to time as a result of implementation of the Job Evaluation Program mentioned herein following study or evaluation of a particular job.

2. JOB EVALUATION PROGRAM: The Company intends to put into effect a job evaluation program in order that operations may be put on a competitive basis. After a job has been evaluated as a result of said program, the following shall apply:

Base rate for a job shall be the minimum evaluated worth of the respective job classification for an hour of work.

Hourly rate shall be the base rate for an hourly paid job, plus an allowance in order to meet the standard applicable to the respective job.

Expected hourly earnings for piecework employees shall be defined as the applicable base rate for the respective job, plus a specified percentage of such base rate.

Standards shall be established by the Company so that the average experienced operator working at an incentive pace can make earnings that will average the expected hourly earnings.

Job classification earnings shall be:

For hourly paid employees - Their new hourly pay.
For piece-work employees - Their job classification new average earnings.

Job classification average earnings for any given job shall be arrived at by averaging all the straight-time earnings of all employees in a certain job classification (but eliminating learners) for the last available pay period.

An employee's average earnings shall mean the straight-time average piece-work earnings for an employee on piece-work or the regular

hourly pay of an houtly paid employee while working on his regular job during the last available pay period.

Proper changes shall be made in the terms and conditions of employment, as necessary, in order to conform them to a new situation created by the evaluation of jobs.

In case of grievances resulting from the implementation of the job evaluation program the Company intends to consult a reputable, competent, independent industrial engineering firm and shall be guided by its recommendations in connection with the subject of such grievances.

3. SENIORITY: With respect to the following key jobs, all seniority provisions shall not apply in connection with filling of vacancies, transfers, recalls and lay-offs, or when as a result of the application thereof, employees in such key jobs would become subject to bumping:

Dept. 25 - Tire Builder
Dept. 20 - Calender Operator
Tuber Operator
Banbury Operator
Dipper Operator

Dept. 22 & 26 - Bias Machine Operator
Dept. 23 - Bead Builder

With respect to all such key jobs, the management shall have the right to fill them on the basis of required skill, experience and physical ability for the respective jobs, but shall give consideration to seniority only when such skill, experience and physical ability to perform the job efficiently are equal.

To the present provisions whereby seniority is broken, there shall be added a further provision whereby seniority shall also be broken if an employee is absent from work for more than three consecutive working days without proper notice to the Company and without obtaining proper leave of absence, or management's permission for such absence, or who is unjustifiably absent for a total of three or more days within any period of ten consecutive working days.

An employee's continuous service will be broken following a lay-off of at least one year, if in the opinion of management, there would be no further need for the employment of such laid-off employee in connection with the Company's plans for the foreseeable future. Should, however, such terminated employee be re-hired by the Company then he shall re-acquire the seniority status he had at the time of his termination.

4. DISCIPLINE: Any employee who instigates or encourages or participates in a slow-down, stoppage of work, or other unjustified interruption of production, or who is absent from work for more than three consecutive working days without proper notice to the Company and without obtaining proper leave of absence, or management's permission for such absence, or who is unjustifiably absent for a total of three or more days within any period of ten consecutive working days, may be disciplined by discharge or otherwise by the Company. Failure of the Company to exercise its rights to administer discipline on one occasion shall not impair or constitute a waiver of the Company's rights to administer discipline on other occasions.

5. OFF-STANDARDS PAYMENTS: The off-standards payment rate shall be 90% of the respective job classification average earnings.

6. HOLIDAYS: Easter Monday shall be eliminated as a paid holiday.

7. VACATIONS: There shall be no extension of vacation in event funeral of relative occurs during vacation period.

Vacation pay shall be computed on the basis of 2% of the employee's straight-time earnings during the previous vacation year for each week of vacation, providing employee has drawn pay for at least 1040 hours during such previous vacation year. Vacation pay for employees who have drawn pay for less than 1040 hours shall be computed on a pro-rata basis according to the relation which the number of hours for which pay was drawn bears to 2080 hours.

8. SUPPLEMENTAL UNEMPLOYMENT BENEFITS: Since the Supplemental Unemployment Benefits Agreement has expired and the Company has no further obligations thereunder (except for disposition of existing assets in the SUB Trust Fund as per the provisions of the expired Agreement), no further contributions shall be made by the Company for Supplemental Unemployment Benefits.

9. OTHER TERMS AND CONDITIONS OF EMPLOYMENT: All other terms and conditions of employment previously in use shall continue in effect until further notice insofar as they are applicable in the absence of a Working Agreement and a Supplemental Unemployment Benefits Agreement, and provided they are not inconsistent with the new terms of employment designated above. Should the Company from time to time find it necessary or desirable to make any other changes it shall so advise the Union and discuss such changes with the Union.

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45/67 md
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LEE NATIONAL CORPORATION

CONSHOHOCKEN, PENNSYLVANIA

SUITE 901
635 Madison Avenue
New York 22, N. Y.

PTO #47

May 1, 1964

REGISTERED MAIL
RETURN RECEIPT REQUESTED

Local Union No. 227
United Rubber, Cork, Linoleum &
Plastics Workers of America, AFL-CIO
425 East Hector Street
Conshohocken, Pennsylvania

Gentlemen:

This letter is notice that the Company intends to exercise, and hereby does exercise, its right to open for renegotiation the provisions of the Agreement for Pension, Service Award and Insurance Benefits dated June 30, 1961, as amended on December 17, 1962, between the Company and Local Union No. 227.

Your attention is invited to the fact that this notice is dated May 1, 1964 and is to be deemed as effective from and on such date. The sixty (60) day period for negotiations contemplated by Article V, Section 7 of the Agreement expires on June 30, 1964. Since the Company intends to submit proposals relating to revision of a number of provisions of the Agreement, and in light of the fact that Article V, Section 7 requires that actual negotiations begin within thirty (30) days after the date of this notice, the Company suggests that the first negotiating meeting be scheduled for Thursday, May 21, 1964 at 2:30 P. M.

Previously, collective bargaining meetings between the Company and the Union were held on the Company premises. Because of the current strike that is in progress we think it may be inadvisable to meet at the plant. In light of such circumstances, the Company suggests that the meeting referred to above be held in the office of its attorneys, Kleinbard, Bell & Brecker, 1908 Fidelity Philadelphia Trust Building, 123 So. Broad Street, Philadelphia.

In the alternative, the Company would like to indicate its willingness to meet at the offices of the Federal Mediation & Conciliation Service,

continued ....

Local Union No. 227
United Rubber, C., L. & P. Workers
Conshohocken, Pa.

May 1, 1964

Federal Court House and Post Office Building, 9th and Chestnut Streets, Philadelphia.

We would appreciate your acknowledging receipt of this letter and we desire that you indicate your views concerning the time and place for the meeting suggested above.

Yours very truly,

LEE NATIONAL CORPORATION

H. L. Schick

H. L. Schick,
Secretary

HLS:msg

cc: Messrs. Charles T. Hess
Michael G. Sabol
George A. Burnstein

48

Def's Ex CC id.
4/20/67 ms

1623A *

LEE NATIONAL CORPORATION

CONSHOHOCKEN, PENNSYLVANIA

(16) PTO#48

SUITE 901
635 Madison Avenue
New York 22, N. Y.

July 8, 1964

REGISTERED MAIL
RETURN RECEIPT REQUESTED

Local 227, United Rubber, Cork,
Linoleum & Plastics Workers of
America, AFL-CIO
425 E. Hector Street
Conshohocken, Pennsylvania

Gentlemen:

On May 1, 1964 the Company advised you of its intention to exercise its right to reopen for renegotiation the provisions of the Agreement for Pension, Service Award and Insurance Benefits dated June 30, 1961, as amended on December 17, 1962, between the Company and Local Union No. 227.

Since such notice for reopening, we have met with your Negotiation Committee on May 21, June 18, 24 and 30, and July 7, 1964, for the purpose of discussing, reviewing and negotiating with regard to the Company's various proposals for changes in the provisions of the above mentioned Agreement. In light of the fact that such negotiations have thus far produced no agreement with respect to the Company's proposed changes, and in light of the fact that more than sixty days have now elapsed since the date of the Company's initial notice, we now give you formal notice that we hereby exercise our right to terminate the Agreement, such termination to become effective at the expiration of a sixty day period from today's date, in accordance with the provisions of the Agreement.

This notice of termination is not to be construed as a desire or intention on the part of the Company to halt or otherwise suspend negotiations at this point. On the contrary, the Company stands prepared at this time to continue actively the pending negotiations, with the hope and desire that before the end of the sixty day period the Company and the Union will be able to reach an understanding that would make possible the continuation of the above mentioned Agreement for Pension, Service Award and Insurance Benefits, as amended.

Yours very truly,

LEE NATIONAL CORPORATION

H. L. Schick

H. L. Schick,
Secretary

HLS:msg
cc: Federal Mediation & Conciliation Service
Pa. Bd. of Mediation
cc: Messrs. Hess & Sabol

PTO #50

1629A

LEE NATIONAL CORPORATION
CONSHOHOCKEN, PENNSYLVANIA

(18)

December 14, 1964

To: ALL EMPLOYEES AND RETIRED FORMER EMPLOYEES OF LEE NATIONAL CORPORATION AND ITS SUBSIDIARIES

Following the decision of our Board of Directors on November 30, 1964 and after discussions with the Union Negotiating Committee on December 10, 1964, it has been decided to discontinue permanently all tire manufacturing operations at the Conshohocken plant.

The reason for this decision is simple. The operations of the Conshohocken plant became unprofitable in 1960 and losses have since continued at an increasing pace because of the deteriorating situation at such plant coupled with the very intense competition in the tire industry. Management studies show that continued operation of this plant on the same basis as in the past would result in staggering losses of millions of dollars yearly. This unfortunate situation had its roots far in the past when the plant unfortunately was allowed to become uncompetitive to the point that we could no longer sell tires at our competitors' prices, which were much below our own factory costs. We would like you to know that we are presently buying from other tire manufacturers the same Lee tires which we formerly manufactured ourselves, at prices which average 25% lower than the cheapest tire cost obtained in the Conshohocken plant, when such plant was operating at its full capacity.

When the present Management took over the conduct of the Company's affairs around the end of 1962, it put into effect various measures intended to correct the existing situation. It cut down costs wherever possible, eliminated waste, endeavored to build up a stronger and more competent key executive group and took many other long overdue constructive steps. However, at the same time it recognized that all these measures would be of no avail unless the full cooperation of our employees and the Union was secured in order to quickly catch up with competitors' productivity and costs. We found as a result of thorough investigation that we were producing tires with more than twice the number of production employees as our competitors utilized for the production of the same number of tires.

We had long discussions both with the Local Union and the International Union in Akron, pointing out our competitive disadvantages and the increasingly high employment costs which were not compensated by the increased productivity which our competitors gradually achieved over a period of years. We submitted facts and figures showing that our productivity per employee and per man-hour was sharply lower than that of other unionized tire companies. We also pointed out the need for urgent, substantial reliefs and for the full cooperation on the part of the Unions in a crash program necessary to belatedly close the gap between our costs and those of our competitors.

The Unions were doubtful of the truth of our statements, suggesting that a management consultant firm should check on the accuracy and validity of all the facts and figures we submitted to them. We agreed to let the Unions select a management consultant firm, which had previously worked for the International Union on various occasions. After a thorough review of all our records and production cost figures lasting several weeks, they verified that our costs were uncompetitive and that all the facts and figures that we had submitted to the Unions were correct. They also agreed that despite new machinery and modernization expenditures aggregating millions of dollars, our production remained the same as it was years ago, while wages and fringe benefits per pound of production increased by about 50%. During the same period prices of tires dropped sharply due to increasingly intensive competition in the industry.

We hoped that as a result of this analysis, the Unions' attitude would change to one of cooperation in a program designed to catch up as quickly as possible with our competition. At further meetings we explained to the Unions in detail the disadvantages of the operations at the Conshohocken plant versus the rest of the industry, and no effort was spared to make them fully understand the Company's crucial problems, relating both to its high production costs and to its selling and marketing difficulties, which resulted primarily from such high production costs. In subsequent negotiations regarding a new labor agreement to replace the one expiring on June 30, 1963, we requested certain concessions which, although not entirely remedying the situation, would at least have been helpful in the program of trying to rehabilitate the Company. We emphasized that without substantial sacrifices from shareholders, management and labor, the task of such rehabilitation would be impossible. However, these efforts were fruitless and except for minor insignificant concessions, the Unions insisted on perpetuating the past situation regardless of the increasing losses or the noncompetitive situation of the tire operations.

What followed is well known to you. We were subjected to a long strike, resulting in the loss of whatever markets and outlets we still had or hoped to develop, and our production, marketing and selling organization gradually disbanded. Management, however, was still hopeful that our Union employees might eventually let their common sense and reason prevail over emotional factors. Therefore, at a great financial sacrifice, it maintained the plant for a long period of time, with a reduced organization which could facilitate its reopening, in the belief that some solution would be found to reactivate the plant. After almost eighteen months of large carrying expenses of the idle plant in Conshohocken, our Board concluded that there is no further justification for continuing this situation and arrived at the aforementioned decision.

It is obvious that no plant or business can continue to generate losses for too long and that employment costs (wages and fringe benefits) cannot rise substantially while productivity remains static or declines. To continue such a losing business would only prolong an agony that eventually would still result in sure death; any such continuation would have brought the same results but only after the Company would have exhausted its financial resources through such continuing losses. Such course of action would have been most unfair to our shareholders who have invested their capital in the Company seeking a return on it and not in order to see it completely dissipated.

This was a difficult decision to make and it is with deep and sincere regret that we advise you about it. We regret that we will not be able to provide employment any longer in connection with the operations of the plant in the community of Conshohocken and we also regret that our shareholders' investment in the Conshohocken operation has been unprofitably employed for so long. Unfortunately, under the existing circumstances there was no alternative left but to follow the course of action we took.

Yours very truly,

LEE NATIONAL CORPORATION

51

Def's Exh FF id. 4/20/67 JM

1631A

LEE TIRES

LEE NATIONAL CORPORATION
CONSHOHOCKEN, PENNSYLVANIA

19 19

PTO #50-51

December 14, 1964

MR. JAMES P. RONNAN

As a result of the decision to discontinue permanently all tire manufacturing operations at the company's Conshohocken, Pennsylvania plant, we regret to advise you that your connection with Lee National Corporation is hereby being severed and your employment is hereby terminated effective immediately. Accordingly, your records are being marked as permanently closed.

Very truly yours,

LEE NATIONAL CORPORATION

1632A

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Def's Ex 555 id.
9/25/67 mb

GEORGE BURDON, [illegible]
PETER BOMMARITO, Vice President
I. GOLD, Secretary-Treasurer
UNITED RUBBER, CORK, LINOLEUM AND PLASTIC WORKERS OF AMERICA
AFL-CIO, CLC
87 SOUTH HIGH STREET
AKRON 8, OHIO
FR 6-6181
6-6182
6-6183
6-6184

87 P10 #6A

July 13, 1962

227

Mr. J. J. Conway
c/o Lee Rubber and Tire Company
Conshohocken, Pennsylvania

COPY

Dear Mr. Conway:

This letter is being written to you as the result of an extended review of developments with respect to the pension agreements with Local Unions 102 and 227 with URW Pension and Insurance Director Kenneth Oldham. Mr. Oldham has detailed the discussions recently held and the various proposals which were submitted to the Local Unions by the Company.

It appears to me that there is a rather unique situation existing in view of the fact that there are two separate and distinct problems rather than one. Whether or not the parties considered the fact I do not know, but the agreement of September 28, 1961, between the Company and Local Union 102 (Republic Rubber Division) contains a funding provision which was duly executed by the parties, but does not contain the condition that it is subject to the approval of the Board of Directors of the Company. Up to this time the Company has failed and refused to comply with the funding provision of that agreement, and it therefore appears that the Company is in violation thereof. The Company, as I understand it, has not claimed and does not now claim that it is financially unable to fulfill the requirements of the existing agreement between the Company and Local Union 102.

The agreement between the Company and Local Union 227 specifically provides that its effectiveness is conditioned upon the approval of the Board of Directors of the Company, and subject to approval of the shareholders if the Board of Directors so directs. Up to this time it appears that the Board of Directors has withheld approval for no sound reason. From the information available to us it appears that one Director has arbitrarily, unreasonably, and capriciously blocked the approval of the agreement by the Board of Directors. The refusal of theBoard of Directors to approve the agreement, under all of the circumstances which have been outlined to me, constitutes bad faith.

8A(1)

July 17, 1963

Mr. William Oeler, President
Local 102, United Rubber, Cork, Linoleum
and Plastic Workers of America

RE: Your wire received this morning

Dear Mr. Oeler:

Your wire stating that Conditions of Employment were made effective July 17, 1963 is in error. You were duly notified that the effective date was changed to Thursday, July 18, 1963.

You were given these new "Terms and Conditions of Employment" on Tuesday, July 16, 1963, and there is now an ample supply of these and they must be placed in effect on Thursday, July 18, 1963.

This action will not preclude further negotiations which are scheduled for Friday, July 19, 1963.

Yours very truly,

E. R. Zacharias
General Manager

ERZ/cf

cc: Mr. R. C. McGown, Int. Rep.
Mr. Hal Roach, Fed. Mediator

8A(2)

1634A

NEW TERMS AND CONDITIONS OF EMPLOYMENT

EFFECTIVE 6:50 A. M., JULY 18, 1963

1. Seniority: With respect to the key jobs enumerated in the attached list and those jobs heretofore designated as exempt from seniority, all seniority provisions shall not apply in connection with transfers, recalls and lay-offs, and filling of vacancies, or when as a result of the application thereof, employees in such key jobs would become subject to bumping.

With respect to all such key jobs, the management shall have the right to fill them on the basis of required skill, experience and physical ability for the respective jobs, but shall give consideration to seniority only when such skill, experience and physical ability to perform the job efficiently are equal.

Seniority shall be applied on a divisional basis for the following four separate divisions:

1. Hose (Long, Molded, Wire Braid & Cotton Hose Depts.; Compounding, Mixing, Calendering, Shipping, Receiving & Laboratory)
2. Belting and Packing
3. Molded Goods
4. Shops and Maintenance

and all provisions referring to rights or privileges conferred by seniority shall be administered on the divisional basis as above set forth.

To the present provisions whereby seniority is broken, there shall be added a further provision whereby seniority shall also be broken if an employee is absent from work for more than three consecutive working days without proper notice to the Company and without obtaining proper leave of absence, or management's permission for such absence, or who is unjustifiably absent for a total of three or more days within any period of ten consecutive working days.

Employees continuous service will be broken following a lay-off of at least one year, because, in the opinion of management, there would be no further need for the employment of such laid-off employee in connection with the Company's plans for the foreseeable future. Should, however, such terminated employee be re-hired by the Company then he shall reacquire the seniority status he had at the time of his termination.

2. Discipline: Any employee who instigates or encourages or participates in a slow-down, stoppage of work, or other interruption of production, or who is absent from work for more than three consecutive working days without proper notice to the Company and without obtaining proper leave of absence, or management's permission for such absence, or who is unjustifiably absent for a total of three or more days within any period of ten consecutive working days, may be disciplined by discharge or otherwise by the Company. Failure of the Company to exercise its rights to administer discipline on one occasion shall not impair or constitute a waiver of the Company's right to administer discipline on other occasions.

3. Wages: All present rates for piece-work employees shall be reduced by 7.5%. The ceiling of piece-work earnings of piece-work employees shall be increased from 18.5% to 28% above standard. All hourly paid rates not paid on an incentive basis shall remain the same as at present.

However, such wages and rates are subject to change from time to time as a result of implementation of the job evaluation program mentioned herein following study or evaluation of a particular job.

4. Job Evaluation Program: The Company intends to put into effect a job evaluation program in order that operations may be put on a competitive basis. After a job has been evaluated as a result of said program, the following shall apply:

Base Rate shall be the evaluated worth of the job classification exclusive of any additional allowance for meeting the respective standards established for hourly paid jobs or the additional earnings resulting from incentives established for piece-work jobs.

Hourly rate for hourly paid employees shall be the base rate for the respective job plus the established allowance for meeting the standards applicable to such job.

Expected earnings for piece-work jobs shall be the base rate for the respective job plus a certain established percentage above such base rate.

Job classification average earnings for any given job shall be arrived at by averaging all the straight-time earnings of all employees in a certain job classification (but eliminating learners) for the last available pay period. This definition shall apply both before and after the revaluation of a certain job.

An employee's average earnings shall mean the straight-time average piece-work earnings or the regular hourly pay of the employee while working on his regular job during the last available pay period. The average earnings of each employee in a department shall be maintained in each foreman's office and shall be available to a duly constituted representative of the Union. This definition shall apply both before and after the revaluation of a certain job.

In all cases where an employee is off-standard because of abnormal stock conditions, equipment delays, no rates, change of operation, methods, etc., the off-standard payment will be 90% of average hourly earnings for the first week the condition exists and 95% of average hourly earnings thereafter. It shall be the duty of the employee to notify the foreman that such condition exists or may exist.

Proper changes shall be made in the terms and conditions of employment, as necessary, in order to conform them to the new situation created by the job evaluation program.

In case of grievances resulting from the implementation of the job evaluation program, the Company intends to consult a reputable, competent, independent industrial engineering firm and shall be guided by its recommendations in connection with the subject of such grievances.

5. Lunch Periods: Male incentive workers will be in the plant 8 hours and may take a twenty-minute unpaid lunch period. Female incentive workers will be in the plant 8 hours and will take a thirty-minute unpaid lunch period, and they will receive pay for 7.8 hours. The prevailing practice covering formulation of piece-work rates provides adequate allowance for lunch and other personal time and will be continued.

Day workers will be in the plant 8.5 hours and will take a thirty-minute unpaid lunch period.

On continuous operations, operators will keep the operation going until relieved by the operator on the following turn. Employees on continuous operations will not shut down the operation to eat. However, when they are doing incentive work, they will be permitted to earn 33.3% in excess of the standards on these operations.

6. Off-Standard Payment: In all cases where an employee is off-standard because of abnormal stock conditions, equipment delays, no rates, change of operation, methods, etc., the off-standard payment will be 90% of average hourly earnings for the first week the condition exists and 95% of average hourly earnings thereafter. It shall be the duty of the employee to notify the foreman that such condition exists or may exist.

7. First-Aid: The Company will provide adequate first aid on all turns.

8. Eighth Holiday: There will be no eighth paid holiday.

9. Vacation Pay: Vacation pay shall be 2% of the employee's previous year's earnings for each week of vacation.

10. Supplemental Unemployment Benefits: Since the Supplemental Unemployment Benefits agreement has expired and the Company has no further obligations thereunder (except for disposition of existing assets in the S.U.B. Trust Fund as per the provisions of the expired agreement) no further contributions shall be made by the Company for Supplemental Unemployment Benefits.

11. Boiler and Engine Room Employees: Employees in the boiler house and engine room will be paid straight time for hours worked on Sundays and double time for hours worked on holidays.

12. Shift Differentials: A differential of 5¢ per hour will be paid for all work performed on the second (afternoon) shift and 7-1/2¢ per hour for all work performed on the third (night) shift. The amount of differential shall be determined by the shift on which the employee is scheduled to start to work except an employee who works overtime shall be paid, for the overtime hours, the differential applying to the shift on which the overtime starts.

Employees who start to work between the hours of 5:00 A.M. and 12:00 Noon shall be considered working on the first (day) shift, those starting between 12:00 Noon and 8:00 P. M. shall be considered working the second (afternoon shift, and those starting between 8:00 P.M. and 5:00 A.M. shall be considered working the third (night) shift.

Employees who are scheduled to start work after 8:00 A.M. and before 12:00 Noon will be paid the second shift differential for all hours worked beyond 2:50 P.M.

13. Re-Study of Rates: When a new rate is established by the Company, and if the respective employee finds such new rate unsatisfactory after 10 days, the Company shall be notified by him and it shall restudy such rate within the next 10 days. If no re-study is made during said 10 day period, the Company shall pay the respective employee 100% of his former earnings until the new rate is changed, if it is found necessary to do so. Following a restudy of the rate, if the Company finds it justified, then the foregoing shall not apply but the respective employee shall have the right to use the grievance procedure, and if as a result of such grievance proceedings, the rate is changed then such changed rate shall be made retroactive to 20 days after establishment of the original new rate.

(14). Hospital Report: The Company will provide the Union with a verifax copy of each hospital report on injuries to employees.

(15). Bidding on Jobs During Vacation: Employees going on vacation will be permitted to leave one job request on file with the Company. If this job becomes available while the respective employee is on vacation his bid shall be considered an official job bid. If the respective employee should be awarded the job he shall be required to accept it.

(16). Reprimands: All reprimands that are a year or more old and have not been violated for the same reason as the original reprimand, shall be removed from the employee's record without prejudice.

17. Other Terms and Conditions of Employment: The other terms and conditions of employment previously in use shall continue in effect until further notice insofar as they are applicable in the absence of a working agreement and supplemental unemployment benefits agreement and provided they are not inconsistent with the new terms of employment designated above. Should the Company from time to time find it necessary or desirable to make any other changes, it shall so advise the Union in advance and discuss them with the Union.

REPUBLIC RUBBER DIVISION
LEE RUBBER & TIRE CORPORATION

KEY JOB LIST

1. Banbury Operator
2. Tube Machine Operator
3. Mill Man
4. Cover Machine Operator
5. Lead Press Operator
6. Press Room jobs now under temporary agreement
7. Black Rock Cutter
8. Plastic Extruder Operator
9. Belt Building
10. First man, curing press - Belt
11. First man, curing press - Packing
12. Roll and Gasket Builder

8A(3)

1639A

REPUBLIC RUBBER DIVISION

LEE RUBBER & TIRE CORPORATION

INDUSTRIAL RUBBER PRODUCTS

YOUNGSTOWN 1, OHIO

July 31, 1963

Mr. William Oeler, President
Local #102, U.R.W.
Columbiana, Ohio

Dear Mr. Oehler:

Due to the uncertainty of the prevailing conditions it is necessary that we discontinue giving three (3) days notice of lay-off.

Yours very truly,

REPUBLIC RUBBER DIVISION
LEE RUBBER & TIRE CORPORATION

E. R. Zacharias, General Manager

L. E. Young, Industrial Relations Mgr.

cc: Mr. Richard C. McGown, Int. Rep. ✓
Mr. Hal Roach, Fed. Mediator

8A(4)

1640A

N O T I C E

In connection with future production planning, resulting from reduced backlog, and for other economic reasons explained in full detail to the Union Committee, the Company finds it necessary to change some of our terms and conditions of employment as follows:

(1) The Company, in the future, will not give a three-day notice of lay-offs of any kind.

(2) The Company shall schedule for our employees every week a certain amount of hours or days as required by our production schedule and will not be in a position to provide consecutive eight-hour days of work and will only provide for each employee as many days or hours of work during any week as may be necessitated in order to take care of the production we feel we are in a position to schedule.

As a result of the above, starting time for shifts may be changed accordingly.

(3) The above-mentioned changes in our terms and conditions of employment shall become effective Monday, August 5, 1963.

REPUBLIC RUBBER DIVISION

August 1, 1963

8A(5)

1641A

August 2, 1963

Mr. William Oeler, President
Local #102 U.R.W.
Columbiana, Ohio

Dear Mr. Oeler:

In reference to our letter dated August 1, 1963 relative to scheduling hours of work, please be advised that shift times are being changed and until further notice will be as follows:

Monday, Tuesday and Wednesday the plant will work five-hour shifts, with starting times as follows:

1st Turn -	6:50 A.M.
2nd Turn -	11:50 A.M.
3rd Turn -	4:50 P.M.

Thursday and Friday the plant will work four-hour shifts with starting times as follows:

1st Turn -	6:50 A.M.
2nd Turn -	10:50 A.M.
3rd Turn -	2:50 P.M.

These shift changes will be effective Monday, August 5, 1963.

Very truly yours,

REPUBLIC RUBBER DIVISION
LEE RUBBER & TIRE CORPORATION

BY: E. R. Zacharias
E. R. Zacharias, General Manager

BY: L. E. Young
L. E. Young, Mgr. Industrial Relations

P.S. The above schedule does not apply to the Boiler and Power Houst employees

cc: Mr. Richard McGown, Int. Rep.
Mr. Hal Roach, Fed. Mediator

8A(c)

1642A

REPUBLIC RUBBER DIVISION

LEE RUBBER & TIRE CORPORATION

INDUSTRIAL RUBBER PRODUCTS

YOUNGSTOWN 1, OHIO

August 2, 1963

TO: ALL EMPLOYEES

For reasons given to your Union Committee and in a letter to your Union President dated 8/1/63 (copy of which is posted on our bulletin boards), please be advised of the following changes in our operating schedules.

The schedule for the plant, until further notice, shall be five-hour shifts on Monday, Tuesday and Wednesday, with starting time as follows:

1st Turn -	6:50 A.M.
2nd Turn -	11:50 A.M.
3rd Turn -	4:50 P.M.

On Thursday and Friday the plant will work four-hour shifts, with starting time as follows:

1st Turn -	6:50 A.M.
2nd Turn -	10:50 A.M.
3rd Turn -	2:50 P.M.

Any employee who is regularly scheduled to report at an hour other than 6:50 A.M. on the first shift will continue to report at his regular starting time and will work the hours as scheduled above.

This letter confirms the telephone call to your latest recorded telephone, as recorded in the Employment Office.

Very truly yours,

L. E. Young

L. E. Young
Manager Industrial Relations

cc: Richard McGown, Int. Rep.
Hal Roach, Fed. Mediator

(93) PTO #13A

1643A

LEE RUBBER & TIRE CORPORATION

13A

CONSHOHOCKEN, PENNSYLVANIA

W. L. HEINRICH
EXECUTIVE VICE PRESIDENT

June 28, 1963

T11-2

Mr. Charles T. Hess, President
Local 227, United Rubber, Cork
Linoleum and Plastic Workers of America
621 West Lafayette Street
Norristown, Pennsylvania

Dear Mr. Hess:

Inasmuch as we are drawing close to the day that our contract expires, we wish to summarize our position. We have been trying desperately to arrive at some agreement with you.

1 - To clearly make our position understood as to the need for economic relief in light of the substantial losses of our Tire Division during 1963 (which losses are continuing at a staggering pace in spite of cost cuts in every phase of operations except factory employment costs), we are attaching a list of all the concessions made by us since negotiations began to date.

2 - We have presented you with facts and figures which have been verified by independent business consultants of your selection, pointing out that our average cost of employment per man-hour has jumped from $3.16 in 1959 to $3.92 in 1963; also productivity per man-hour has declined during this same period by approximately 20%. As a result of these two factors the Company has incurred an increase in its Union labor cost of approximately 50%, while tire prices today are substantially lower than existed in 1959.

3 - We have also submitted to you facts showing that our costs of production today are more than twice as high as those of our competitors with the result that the Company finds itself in an untenable competitive position; the Company, therefore, must sell its products at very substantial losses to meet competition.

4 - We have further pointed out that a certain prominent tire manufacturer recently received a substantial wage reduction from its employees who are members of your Union, thus enabling that company to improve its competitive position even though that company has been working at almost full capacity while our Company, due to its uncompetitive position, has not been able to produce at more than one-third of its capacity.

Cont'd.

The bad faith is demonstrated by the fact that the Company submitted a proposed amendment on or about June 22, 1962, which was approved by the membership of Local Union No. 227. By reason of the arbitrary and unreasonable attitude of a sufficient number of the Board of Directors, the Board refused to approve the amendment and made several other proposals which dealt with several important matters which were not subject to review by the Board of Directors.

In 1961 the parties negotiated a modification of the pension agreement to include funding. The agreement entered into in June 1961 specifically provides that the amendment to the pension plan shall be contingent upon and subject to the approval of the Board of Directors. Now the Board of Directors insists upon a very substantial change in Article V dealing with duration and termination.

In the light of the circumstances outlined to me it appears that Local Union 102 could successfully maintain an action in the Federal Court to enforce the agreement of 1961 by reason of the fact that that amendment was not subject to approval by the Board of Directors. It appears, further, that with respect to the fact existing in Local Union 227, an unfair labor practice charge of refusal to bargain collectively in good faith could be successfully maintained.

The industrial relationship existing between these two Local Unions and your Company has always been reasonably good. Frankly, as you probably know, it has been my policy to discourage litigation in situations of this kind. It is my sincere hope that litigation can be avoided at the present time, either in the Courts or before the National Labor Relations Board. The considerations which I have outlined in this letter may not have been taken into account by the Board of Directors. It has been my recommendation to Mr. Oldham that the factors mentioned above should be emphasized in the hope that the position of the Board of Directors of your Company might be changed upon further consideration of the question.

After you have considered the situation more fully I would appreciate hearing from you.

Sincerely yours,

G. L. Patterson
General Counsel

GLP:meb
oeiu-339
cc: International Officers
Mr. Oldham
Mr. McCauley, President, Local 102
Mr. Hess, President, Local 227

1645A

5 - We have offered, and are offering to continue to negotiate beyond the contract termination date of June 30, 1963.

6 - We have also informed you of the substantial risks of spoilage of goods in process, as well as the risks of beginning production of special goods which, if not delivered on schedule, will undoubtedly result in a customer cancellation and the Company would be left with the merchandise, resulting in great losses to us.

7 - As a result of the strike vote taken by the Union we are faced with the threat of a strike daily so that we are in no position to give assurances of product delivery to customers who wish to be assured of a definite delivery schedule. One of our major customers has already instructed us to ship out the molds which he owns and which have been in our possession, and this makes it even more difficult to continue a normal operation. Certain other important customers are inquiring for assurances of delivery to enable them to place future orders with us.

In spite of the hardships, risks, and difficulties of operating under these conditions, and with a sincere desire to gain additional time for negotiations, we have determined that we shall continue operations the best we can under these adverse conditions in the hope that you may eventually recognize the plight of our tire operation, and the urgency for economic relief, so that a final mutually satisfactory agreement can be arrived at.

Your adamant position to date, the lack of a conciliatory or compromising attitude towards giving us the economic relief we require, and your insistence of only maintaining the status quo, irrespective of the position in which the Company finds itself, leaves no doubt in our minds that there is no sincere desire on your part to bargain with us at all, and the negotiations to date were only aimed to make us continue under the present conditions which are generating losses that no responsible management can tolerate and no company can long endure.

Yours very truly,

LEE RUBBER & TIRE CORPORATION

M R Hemmah

J J Conway

Enc.
cc: Messrs. Sabol
Garber

June 28, 1963 1646A

Company's Proposed Revisions of Previous Proposals

Lee Rubber & Tire Corporation

Conshohocken Plant

Section 1.02	Proposal withdrawn - Reinstate present Section 1.02.
Section 1.04	Proposed revised section withdrawn.
New Section 1.02	Revise to Section 1.03 - Delete "hourly and piecework" 2nd line. Insert "in the bargaining unit" beginning of 3rd line prior to "at its Conshohocken" etc. Delete entire last sentence starting with "The term "employee", etc."
New Section 1.03	Renumber to 1.04.
Section 2.03.5	Offered to increase proposed maximum of 50 hours to 75 hours pay to Union representatives per month for grievance negotiations, etc.
Section 3.02	Proposed revision withdrawn.
Section 4.01.1	3rd line from bottom reads "Company without recourse to the grievance procedure" - delete period and add the following "which shall, however, apply only for the purpose of establishing the respective facts justifying discipline or discharge as above mentioned."
Section 5.02	Proposed revision withdrawn.
Section 6.01	Proposal withdrawn.
Section 6.01.3	Proposal withdrawn.
Section 7.01.1	Proposed insertion of words "regularly scheduled" withdrawn.
Section 7.01.3	Delete "in the Company's opinion" from proposed wording.
Section 8.01	Revise proposed last sentence to read as follows: "The Union will support Management's effort to improve production, establish efficient methods AND PIECEWORK RATES RESULTING

IN PROPER PRODUCTIVITY, eliminate waste, conserve material and supplies, and improve the quality of the workmanship SO AS TO ENABLE THE COMPANY TO BECOME COMPETITIVE.

Section 8.02.1 Revise minimum hiring rate to $1.40 per hour.

Section 8.12 Proposal withdrawn.

Section 10.02 Delete entire previous proposed Section 10.02 and substitute the following:

"CLASSIFICATION OF NEW JOBS AND RECLASSIFICATION OF EXISTING JOBS AND ESTABLISHMENT OF RATES AND STANDARDS WITH RESPECT THERETO SHALL BE MADE IN ACCORDANCE WITH LEVELS ESTABLISHED THROUGH JOB EVALUATION BY THE COMPANY'S ENGINEERS, HOWEVER, REPRESENTATIVES OF THE UNION SHALL HAVE THE RIGHT TO REVIEW AND CHECK THE WORK DONE BY SUCH COMPANY PERSONNEL. IN THE EVENT THAT ANY RATES OR STANDARDS APPEAR TO BE UNJUSTIFIED, THE UNION AND THE COMPANY WILL MUTUALLY SELECT A COMPETENT PRACTICING INDUSTRIAL ENGINEER SKILLED AND EXPERIENCED IN JOB EVALUATION WHO IS A REGULAR MEMBER OF THE STAFF OF A PROFESSIONAL INDUSTRIAL ENGINEERING FIRM, FOR THE PURPOSE OF SETTLING ANY SUCH DISPUTES WHICH MAY ARISE. THIS SAME INDUSTRIAL ENGINEER SHALL BE EMPLOYED TO ESTABLISH ALL SUCH DISPUTED JOBS DURING THE TERM OF THIS AGREEMENT. THE DECISION OF THIS INDUSTRIAL ENGINEER SHALL BE FINAL. THE COST OF EMPLOYING THIS ENGINEER SHALL BE BORNE EQUALLY BY BOTH COMPANY AND UNION.

IN THE ABSENCE OF ANY OTHER AGREEMENT, THE INDUSTRIAL ENGINEER MENTIONED ABOVE WILL BE SELECTED BY ASKING THE AMERICAN ARBITRATION ASSOCIATION TO SUBMIT THE NAMES OF FIVE (5) INDUSTRIAL ENGINEERING FIRMS ANSWERING THE ABOVE DESCRIPTION. UNION AND COMPANY WILL ALTERNATELY STRIKE OUT NAMES UNTIL ONLY ONE REMAINS. THE

THE REMAINING ONE WILL SERVE IN THE CAPACITY DESCRIBED ABOVE. THE PERSON DESIGNATED BY SUCH FIRM FROM ITS STAFF AS BEING THE BEST QUALIFIED FOR THE JOB SHALL BE ACCEPTED BY BOTH UNION AND COMPANY.

EXCEPT AS PROVIDED ABOVE, JOB EVALUATION IS NOT SUBJECT TO ARBITRATION UNDER THE TERMS OF THE FORMAL COMPANY-UNION AGREEMENT."

Section 11.01 — Revise "ELEVEN (11) years" to "TEN (10) years."
Revise "TWENTY-FIVE (25) years" to "TWENTY-TWO (22) years."

Section 11.02 — Add to present proposal "Any employee who draws pay for less than 1040 hours during the preceding vacation year shall be entitled to a pro-rata percentage of his normal vacation pay based on the relationship which the employee's actual hours worked bears to 2080 hours."

11.03.2 — Delete previous proposal and substitute the following:

"SHOULD THE COMPANY DEEM IT IMPRACTICAL TO SHUT DOWN FOR EITHER WEEK, AS PROVIDED IN SECTION 11.03, DUE TO IMPORTANT BUSINESS NEEDS, EMPLOYEES SHALL BE SUBJECT TO ANY REVISED VACATION SCHEDULE AT ANY OTHER REASONABLE TIME AS THE BUSINESS OF THE COMPANY MAY REQUIRE."

11.05 — 1st Paragraph – Change "ELEVEN" to "TEN".
Change "TWENTY-FIVE" to "TWENTY-TWO."
2nd Paragraph --Change "TWENTY-SIX (26) FULL WEEKS" to "ONE THOUSAND AND FORTY (1040) HOURS."

Section 12.01.1 — 3. Delete "DUE TO SICKNESS OR INJURY".
5. Revise proposal to read as follows: "Lay off within FIVE (5) CALENDAR days prior to holiday or recall within FIVE (5) CALENDAR days following holiday;

Section 21.01.9 — Correct to read 12.01.9

Section 13.03 — KEY JOBS. The company would be willing to reduce its list of Key Jobs to Tire Building, Banbury Operator and Skilled Crafts as soon as a stable production level has been achieved over a period of six (6) months during which six (6) months period, the production averaged not less than 6000 tires per day.

Section 13.03.1 Second paragraph - Delete "IN ITS OPINION."

Section 13.04 (f) Revise to read as follows: "TERMINATION OF AN EMPLOYEE'S EMPLOYMENT FOLLOWING A LAY-OFF OF AT LEAST ONE YEAR BECAUSE IN THE OPINION OF MANAGEMENT, THERE WOULD BE NO FURTHER NEED FOR EMPLOYMENT OF SUCH LAID-OFF EMPLOYEE IN CONNECTION WITH THE PLANS OF MANAGEMENT FOR THE FORESEEABLE FUTURE. SHOULD, HOWEVER, ANY SUCH TERMINATED EMPLOYEE BE REHIRED BY THE COMPANY THEN HE SHALL REACQUIRE THE SENIORITY STATUS HE HAD AT THE TIME OF HIS TERMINATION."

Section 13.08 Delete proposed first sentence.

Section 13.09 Tentative agreement as follows:

IF A BARGAINING UNIT EMPLOYEE ACCEPTS A POSITION WITH THE COMPANY WHICH MAKES HIM INELIGIBLE FOR UNION MEMBERSHIP, HE SHALL, UPON TERMINATION OF SUCH TRANSFER RETURN TO THE BARGAINING UNIT AND REPLACE THE YOUNGEST EMPLOYEE IN THE PLANT, PROVIDING HE HAS MORE SENIORITY OR BE PLACED BY MUTUAL AGREEMENT. UPON RETURN, HE SHALL BE CREDITED WITH THE AMOUNT OF SENIORITY HE HAD AT THE TIME OF LEAVING THE BARGAINING UNIT.

Section 14.02 Proposal withdrawn.

Article 15(page 51) Delete paragraph proposing review of entire Article.

Section 16.03 Proposal withdrawn.

Section 17.04 Proposal withdrawn.

Section 18.17.1 5th line from bottom - Delete the following: "TO DETERMINE THE WORK PACE AND WORK PERFORMANCE LEVELS."

12th line from bottom - Change "SIX (6) MONTHS" to "ONE (1) YEAR".

S.U.B. Proposal withdrawn to reduce benefits $5 per week to pre 1961 level.

COMPANY OFFERS TO WITHDRAW PREVIOUS PROPOSAL TO DELETE SEPARATION PAYMENT PROVISIONS FROM S.U.B. AGREEMENT PROVIDING ALL SUCH SEPARATION PAYMENTS SHALL BE LIMITED TO THE ASSETS OF THE S.U.B. TRUST FUND REGARDLESS OF S.U.B. TRUST FUND POSITION.

17A

Defs Ex XX id. 6/5/67

11

NATIONAL LABOR RELATIONS BOARD
FOURTH REGION
17th Floor, Bankers Securities Building, Juniper and Walnut Streets
Philadelphia 7, Pennsylvania
Telephone PEnnypacker 5-2612

PTO # 17A

October 4, 1963

Local 227, United Rubber, Cork, Linoleum
& Plastic Workers of America, AFL-CIO
By: Charles T. Hess, Jr., President
425 E. Hector Street
Conshohocken, Pa.

Certified Mail No. 778287
Return Receipt Requested

TM-33

Re: Lee Rubber & Tire Co.
Case No. 4-CA-3029

Gentlemen:

The above-captioned case charging a violation under Section 8 of the National Labor Relations Act, as amended, has been carefully investigated and considered.

As a result of the investigation, it appears that there is insufficient evidence of violation to warrant further proceedings. The reservation by the company's executive board of ratification of any agreement reached could not be said to be violative of the Act and the company representatives demonstrated during the course of negotiations that they had authority to agree to proposals and exercise discretion in making proposals. Moreover, in view of the company's financial position and in the light of the Union's firm position regarding wage demands and other contract items, there was insufficient basis for a finding that the position taken by the company during bargaining manifested bad faith. Finally, there was insufficient evidence to support the burden of establishing that the company's unilateral changes in terms of conditions of employment were violative of the Act. Numerous bargaining sessions were held at which all issues were discussed by the parties and concessions made in various areas by the company. In these circumstances and absent any finding of prior 8(a)(5) violations, it could not be said that impasse justifying unilateral action had not been reached. Cf. Marine and Shipbuilding Workers v. NLRB, 53 LRRM 2878. I am, therefore, refusing to issue Complaint in the matter.

Re: Lee Rubber & Tire Co.
Case No. 4-CA-3029

October 4, 1963

Pursuant to the National Labor Relations Board Rules and Regulations (Section 102.19) you may obtain a review of this action by filing a request for such review with the General Counsel of the National Labor Relations Board, Washington 25, D. C., and a copy with me. This request must contain a complete statement setting forth the facts and reasons upon which it is based. The request must be received in Washington, D. C. by the General Counsel by the close of business on October 17, 1963. Upon good cause shown, however, the General Counsel may grant special permission for a longer period within which to file.

Very truly yours,

Bernard Samoff

BERNARD SAMOFF
Regional Director

cc: Arnold Ordman, General Counsel, NLRB, Washington 25, D. C.
Lee Rubber & Tire Co., Conshohocken, Pa.
George A. Burnstein, Esquire, Kleinbard Bell & Brecker, Fidelity Phila. Trust Building, Philadelphia 9, Pa.
George B. Vasko, Ass't General Counsel, United Rubber, Cork, Linoleum & Plastic Workers of America, AFL-CIO, 87 S. High Street, Akron, Ohio

PTO + BA

NATIONAL LABOR RELATIONS BOARD

OFFICE OF THE GENERAL COUNSEL

Washington, D.C. 20570

1652A

December 9, 1953

Re: Lee Rubber and Tire Company
Case No. 4-CA-3029

REC'D DEC 10 1953 L. R. & T. C.

Mr. George B. Vasko
Assistant General Counsel
United Rubber, Cork, Linoleum & Plastic Wkrs. of America, AFL-CIO
87 South High Street
Akron, Ohio

Dear Mr. Vasko:

Your appeal from the Regional Director's refusal to issue complaint in the captioned case, charging violations under Section 8 of the National Labor Relations Act, has been duly considered.

This Office concludes, substantially for the reasons stated in the Regional Director's letter of October 4, 1953, that further proceedings are not warranted in this case.

Very truly yours,

Arnold Ordman
General Counsel

By _____
Irving H. Herman
Director, Office of Appeals

cc: Director, 4th Region

Local 227, United Rubber, Cork, Linoleum & Plastic Workers of America, AFL-CIO, Attn: Charles T. Moss, Jr., President, 425 E. Hector Street, Conshohocken, Pennsylvania
Lee Rubber & Tire Co., Conshohocken, Pennsylvania
George A. Dornstein, Esq., Weinberg, Bell & Drecker, Fidelity Phila. Trust Building, Philadelphia 9, Pennsylvania
Bernard Dunau, Esq., Jaffee & Dunau, 912 Dupont Circle Bldg., N. W., Washington 6, D. C.

CERTIFIED MAIL

M-S J. Ex-8-B

No 19

19A

1653A

Pls Exhibit No. 14
4/5/67 JD

LEE NATIONAL CORPORATION

CONSHOHOCKEN, PENNSYLVANIA

(14)

March 10, 1964

Mr. Charles T. Hess, Jr.
President, Local No. 227
U. R. C. L. P. W. A.
621 West Lafayette Street
Norristown, Pennsylvania

Re: Severance of Laid-off Employees

Dear Mr. Hess:

The Company has recently completed a full review of its future manpower requirements and its roll of laid-off employees. Under date of March 10, 1964, it has advised various of such laid-off employees that their separation has been accomplished in accordance with the presently existing policy. Copy of the typical letter addressed to these employees which is self-explanatory is attached hereto.

We are passing along the above information to you, as a matter of courtesy and for your record.

Very truly yours,

LEE NATIONAL CORPORATION

N. J. Heil,
Personnel Manager

ONLY COPY AVAILABLE

1654A

LEE NATIONAL CORPORATION
CONSHOHOCKEN, PENNSYLVANIA

Re: Termination of Service

Dear _____:

During the past few weeks, the Company has had an opportunity to conduct a review and audit of its personnel files and layoff lists. Our records indicate that you have been on continuous layoff at all times since _____.

In light of the Company's steadily diminishing tire business which occurred during the years 1962 and 1963, and particularly in light of the permanent loss of almost all of our independent sales outlets as a result of the protracted strike that has been going on since July of 1963, the Company's tire requirements have been reduced to only a limited portion of the production capacity of our Conshohocken Plant. Therefore, the Company feels that there now exists no short or long-term foreseeable requirement for future service from many of its employees who were on layoff for substantial periods before the strike commenced and that no purpose is to be served by further indefinitely continuing to maintain a large number of inactive employees on its layoff lists, that are greatly in excess of its immediate and future requirements.

In light of the foregoing, the Company has concluded that it is in the best interest of all concerned that it terminate the services of such surplus inactive employees at this time. Since you have now been on layoff for a period in excess of one year, we wish to now advise you that, pursuant to the terms and conditions of employment established on July 16, 1963, which became effective on July 18, 1963, your connection with the Company is hereby being severed and terminated as of this time and that your records are being marked as permanently closed.

Very truly yours,

LEE NATIONAL CORPORATION

N. J. Heil,
Personnel Manager

UNITED RUBBER WORKER
DECEMBER 1964

PIO #26 A

1655A

IGNORES PLEA OF URW

U.S. Rubber Is Making Lee Tires

TM-3

U. S. Rubber Co. is now making tires for the Lee Rubber & Tire Co. plant in Conshohocken, Pa.—a plant that has been idle since URW Local 227 members were forced on strike a year and a half ago.

Lee management, headed by financial manipulator Maurice Clairmont, farmed out the tire making contract to U. S. Rubber Co. recently.

This was done after a tire making agreement between Lee and Mohawk Rubber Co. in West Helena, Ark., was either canceled or ran out.

Harry K. Brown, president of West Helena URW Local 539, reported to the URW District 8 Council meeting in Memphis that the Lee tire contract had been pulled out of the plant.

There were cheers all around—especially from the Local 539 members.

* * *

HARRY K. BROWN

U. S. Rubber took the contract despite urging from the URW that the company not become a maker of Lee tires which are on the "don't buy" lists of the URW and other labor organizations.

The union had also urged Mohawk not to make the tires.

U. S. Rubber is reportedly turning out some 30,000 Lee tires a month and a number are being marketed through auto supply stores.

Currently URW members would be subject to discharge if they refused to build tires in such a situation.

But, for sure, they don't like to do it.

The URW called for the "don't buy Lee" campaign as a last ditch effort to convince the company to sit down and develop some reasonable and decent proposals to reach a settlement.

Remember—Don't Buy Lee Tires

ONLY COPY AVAILABLE

TM-3

PTO #291A Def's Ex QQQ id 9/28/67 TLS 1656A

LEE RUBBER & TIRE CORPORATION

CONSHOHOCKEN, PENNSYLVANIA

PAUL VAN ANDA
Secretary

OFFICE OF THE SECRETARY
26 Broadway, New York 4, N.Y.

July 25, 1962

United Rubber, Cork, Linoleum and Plastic
Workers of America
87 South High Street
Akron 8, Ohio

Attention: Mr. G. L. Patterson

Dear Mr. Patterson:

Our Board of Directors has carefully reviewed at its meeting of July 25, 1962 the situation of the Pension Plans for both the Lee and the Republic Divisions and the contents of your letter of July 13, 1962.

Although the funding provisions provided by the amendments to Article I of the agreements of June 30, 1961 and September 28, 1961, (which based on actuarial estimates would amount to a yearly contribution of about $470,000) would impose a new great financial strain on the earnings of the Company, which it can ill afford in view of its present and prospective earning picture, the Board decided to approve said amendments and institute funding provided the Union will accept the modifications contained in the enclosed proposal.

We are taking exception to the view expressed in your aforementioned letter that the Republic Division Agreement does not contain the condition that it is subject to the approval of the Board. In the view of our counsel this Agreement is also subject to the approval of our Board because it mentions in its first paragraph that said Agreement is "subject to any required approvals". As far as the Company is concerned, what else would the "required approvals" mean, but the approval of its Board of Directors and/or that of its stockholders, should it be deemed necessary to also obtain their consent for such important new obligations as the Company may have to take under the funding provisions contained in the new amendments to the Pension Plan. While in the Lee Division Agreement such Board and/or stockholders' approval is specifically mentioned, in the Republic Division Agreement it is expressed in the general terms mentioned above. It is obvious that the Company, knowing that it wants and needs the approval of the Board and possibly of its stockholders, would not have incorporated such provisions

in one agreement and not in the other. This is in accordance with Sec. 27 of the General Corporation Law of New York, the Company's state of incorporation, which provides that a corporation's business shall be managed by its Board of Directors.

Regarding the statement made in your letter of July 13, 1962 that our Board has no right to request changes to the Pension Agreements other than those which deal with the amendments to Article I primarily dealing with funding provisions, we have to disagree for the reasons that:

(a) The entire Republic Division Agreement is subject to approval as above explained; and

(b) Regarding the Lee Division Agreement, even if your position that only the amendments to Article I are subject to the approval of the Board, would be correct, our Board, in addition to its rights and duties under the above mentioned section of the General Corporation Law, still has the right to refuse the approval of such amendments unless the Union agrees to certain modifications to the other provisions of the Agreement, which the Board feels are necessary for the protection of the Company in order to consent to the funding. Thus, it is up to the Union to judge whether it is to its advantage to obtain the requested funding by consenting to the rather technical and, from the Union's point of view, rather insignificant modifications desired by our Board.

We therefore think there is little chance for you to successfully maintain a legal action as you outline in your abovementioned letter.

The delay in this matter is due to the fact that a series of new items of information and explanations regarding certain aspects of the Pension Plan have only within the past few months come to the attention of our Board of Directors. This necessitated a complete review of the situation and since then there have been quite a number of discussions. Different views were expressed with relation to the Pension Plan and the new amendment, which prevented the Board until now from arriving at a final decision.

We enclose a copy of the proposed modifications. Those dealing with Section VIII of Article I are almost the same as those already approved by the Union. They present no change of substance but merely a change of language to better and more accurately express what the Company and the Union representatives agree to be the meaning of these modifications.

The opposition of your negotiators has concentrated on the modification requested to Article V of the Agreement, the object of

which is to give both the Company and the Union the right to terminate the Pension Plan Agreement concurrently with the Working Agreement. Our Board strongly feels that all agreements between the Company and the Union covering all relationships between them and all of their respective rights and obligations should be part and parcel of one package, and should be either terminated or extended at the same time. They feel that it is both unfair and unbusinesslike that the Company should continue to be obligated for another year under the Pension Plan if the Working Agreement is terminated by the Union in 1963.

We would like to point out that there is nothing new about the requested modification to Article V, since the previous Working and Pension Plan Agreements of 1959 between the Company and the Union were made to expire concurrently as of June 30, 1961. We feel that this change, in line with former practice, is a logical one and it is abnormal to have various parts of a general agreement between a company and a union expire at different periods. Even if there is no meeting of minds on a new Working Agreement in 1963 (which is most improbable), the only risk of the Union in such case would be to have to continue the present Working Agreement for another year in order to preserve all its rights and advantages under the Pension Plan until 1964 when both the Pension Plan and the Working Agreement will be renegotiated simultaneously. After all, the present Working Agreement is only two years old and it is not such a bad or disadvantageous one to the employees as not to be able to live with it for another year in the most improbable event of a lack of understanding regarding a new Working Agreement in 1963.

We, therefore, hope that you will agree to this modification as it seems to us that the issue is a minor one from the Union's point of view and in all probability it would never even apply.

Regarding the modifications requested to Article I Section II paragraph 4 and Article II Section VI, our Board feels that it is unreasonable, unjust and detrimental to the Company's interest to have any obligations under the proposed Plans to such employees not entitled to early or normal retirement, whose employment is terminated not by the Company but by themselves of their own volition, or in such cases where the termination of employment or permanent discontinuance of the Company's operation is not due to the Company's decision but is forced upon it by an unwarranted and unsanctioned strike of the employees.

We in the management have been working hard to coordinate the views of the various members of our Board in order to convince them to accept the June 30, 1961 and September 28, 1961 Agreements with the important additions providing for funding (which represents a new advantage of

major importance to the Union and on the other hand a new very substantial financial burden and obligation to the Company) and have finally prevailed on them to unanimously consent to said Agreements, subject to the above minor modifications.

We believe that an objective, open minded analysis on your part of the requested modifications will show that, while they give the Company a degree of protection under certain circumstances when it should be fair and reasonable for the Company to have it, they are mostly of a technical nature and they do not affect at all or take away anything from the real, proper benefits provided for the employees by the Agreements as proposed by the Union. The Board feels very strongly about its position and we hope you will be understanding of our position and cooperate by favorably considering our requests, in order to continue the same satisfactory relationship we have had until now.

After you have had an opportunity to study the contents of this letter and before you take any further decisions in connection with the matter, we would like to suggest that a meeting take place between our President, Mr. A. A. Garthwaite, Jr., and the top level executive of your International Union, at which the Presidents of the local unions should also participate, in order to inform you about some important developments in our Company that should be of interest to you and which may influence your outlook. We would welcome such meeting as soon as possible either at our offices or in Akron, and we will telephone you in order to try to arrange such a meeting.

Sincerely yours,

W. P. Garthwaite

Chairman

October 31, 1952
Akron Tower Motel
Negotiating Committee

660A

International Representatives:

Burdon, Bommarito, Patterson
Vasko and Oldham

Company Representatives:

Clairmont, Garthwaite, Conway
Young, Zacharias and Garrett

Local #227 Representatives:

Hess, Sabol, Ronnan, Bokoski, Volpe,
Murphy, Tarbutton, McCann, Stuczynski
and Delaney

Local #102 Representatives:

Hernau, Samo, McCauley, Knight, Ooler
and Bunkosky

At approximately 10:35, Conway invited both Locals to have lunch with the Company representatives. President Hess speaking for Local #227 declined the invitation with thanks. President Burdon delayed the start of the meeting until approximately 11:05 A.M. much to the dismay of Mr. Clairmont. After the arrival of President Burdon along with Messrs. Bommarito and Patterson, Garthwaite started reading a prepared statement regarding the seriousness of the Company's situation. President Burdon interrupted Garthwaite and apologized for being late. Garthwaite continued with his statement, he said that the Company has not made any money for the last three years, also that whether or not we stay in business is up to us. Garthwaite is speaking:"There is much more at stake than pension, our jobs are at stake. The Company has a program which must be carried out in order to remain competitive: 1-Reduce the cost of our operation. 2-Improve our product. 3-Reorganize our entire sales program. We can't do anything about this program unless you cooperate. The inner tube department may have to be shut down. The situation is different at Republic. They have less trouble, they have been recalling people from Layoff. You people should badger us into putting piece rates on. You must remember we are all in the same boat. At Lee, where tire builders are building 25 tires a day, there are other builders in other plants on the same type machine, who are building 35 tires a day and more. We will be coming to you for relief, in the next few weeks. I would like to turn this over to Mr. Clairmont with the reminder that he has never had strike action taken against him. "Marcell"

Clairmont, I beg your pardon if I may repeat some of Mr. Garthwaite's remarks. We feel that you should know as much as we do about our business. We would like to discuss these problems as partners, not only the question of the pension but other things as well, for instance: The general problems, then the pension problem - I would like to say that it has taken us a year to gain control of the Company, we have tried to do this without a lot of strife and noise. We represent

1660A-1

about 1/3 or a controlling interest. I am a newcomer to this Company but I have a record with several other companies. I have ~~compiled~~ compiled this record without ever having a strike. I will be fair and reasonable with you. I will present these papers which I have here to prove my record. I will disclose all company records. We are trying to create a favorable impression." Here are the facts: I have been working for two months at the rate of eighteen hours a day, I have found that Lee has been a fair weather Company. Our Company has been an easy going Company, we drifted aimlessly, especially during these past three years. This year, the Tire Division lost money, Republic made a meager profit. The branches have lost money. As far as the Branch operation goes, we sell tires to ourselves, this is a tremendous cost problem. The customers at the Branch operations are actually buying credit from Lees. These Branches have lost $700,000 this year but they represent 40% of our business. We need full production at Lee Tire in order to stay in business. We invite you to make a full economic study of Lee Tires at our expense, the door is open. We need a Crash Program. We must eliminate all featherbedding. We cannot continue to function in the manner that we have thus far been going. I will now ask Mr. Garthwaite to talk to you about certain matters at the Conshohocken plant which may have a vital interest in what we are talking about.

Garthwaite - There are five or six things -

Burdon - We had no previous notice of the intent of this meeting. We are not here to negotiate, we will listen to what you say but I repeat, " We are not here to negotiate."

Gartheaite - Here are some of the problems which we consider paramount at the Conshohocken plant: 1. The side agreement in the Tire Room, we have the youngest people on the Model 60's, instead of the usual 24 builders,in the past year, we have had 80 builders. 2. We propose that the off standard allowance be reduced below 100%. 3. We propose that we stagger the work week in connection with overtime pay, this is mostly concerned with the Maintenance Department. 4. We propose that the Union suspend the provision in the contract which refers to 32 hours per week work in any 90day period. 5. We propose that you permit former bargaining unit employees to return to the bargaining unit. 6. We propose that you suspend the clause in the contract regarding outside contractors. Mr. Garthwaite then introduced Mr. Zacharias of Republic Rubber in Youngstown, who recommended the following temporary changes in their contract: 1. That we dispense with plant wide seniority on layoff and have instead departmental seniority but have plant wide seniority on recall. 2. Do away with paid lunch period. 3. Do away with 100% allowance for off standard operations.

4. Revise the incentive system in the plant. 5. Do away with the registered nurse on the second and third shift (Mr. Zacharias informed us that the Youngstown plant also had a doctor in the plant on Monday, Wednesday and Friday) The meeting was again taken over by Mr. Clairmont. He stated that their portion of the business is at the present time in the hands of backyard operators. As far as their operation goes, we might as well go into another business. We are not trying to negotiate a new contract. We are trying to bring to you the picture of our operations. I'll repeat to you again, "Our door is open for the proper people to come in and examine our records." As far as the pension plan goes, it is before the N.L.R.B. and our attorneys disagree. I will state that the Funded Pension must be approved by the Internal Revenue Board and in order for this approval, we must be able to tell the Board that we intend to carry this program indefinitely. At the present time, we are not able to do so. We intend to, even if we are turned back by the N. L.R. B. to appeal the case and therefore, you will be the losers. You stand to lose two payments on the Funded Pension.

Burdon - It has taken all of my self-control to sit here and listen to your proposals regarding our contract with you in regards to the our working agreement with your corporation. I will not be baited into negotiating our working agreement at this time. There are many companies in your position. Let's look at Siberling, I understand that there is going to be a 3 to 4% increase in the Tire industry. This should be to your advantage. We are not asking you or any other company to liquidate your business. As far as your proposals are concerned, perhaps, you should go into a rubber shop and get a little soapstone and lampblack into your system. I have worked in a rubber shop, you haven't. You are a money man to which you will readily agree and I am not.

Garthwaite - We have spent a million dollars a year for the last eleven years in order to improve our operations.

Burdon - I'll repeat that I don't want to get into negotiations at this time.

Clairmont - I appeal to you to look into the Pension plan and all facets of our operation and give us some consideration. At this point, the Company representatives left the room, before leaving, Mr. Conway asked if there was any need for a further meeting, and was informed by President Burdon that in his opinion, there would be no furhter meeting.

President Burdon talking to our committee without the Company present informed us that he figured that the meeting would develop as it did. He said that at the present time, we were on top of negotiations with certain companies in regards to incentive pay. He also informed us that in his opinion there is no compromise on

Burdon - He also informed us that we should look at some malpractice on the part of the company.

Oldham - Kennie, stated that what Mr. Clairmont said today, was the same thing that he had said before. After some discussion between Kennie Oldham and Mr. Patterson in regards to the legal aspect of our pension situation, President Hess asked President Burdon if it would be advisable for our own local committee to meet with Mr. Clairmont to discuss some of our local problems. President Burdon stated that we should decidedly meet with Mr. Clairmont if we thought that such a meeting would be productive. Vice-President Ronnan made arrangements for such a meeting at 3:00P.M. in the Taft Room of the Akron Tower Motel.

3:00P.M. October 31, 1962, Taft Room, Akron Tower Motel

Company Representatives:	Union Representatives:
Clairmont, Garrett, Garthwaite, Conway	Hess, Sabol, Ronnan, Bokoski, Volpe, Tarbutton, McCann, Murphy, Stuzynski and Delaney.

President Hess opened the meeting by asking Mr. Clairmont and Mr. Garthwaite if they would indicate where we are not cooperating with the Company as stated in this morning's meeting. He stated that there are many problems which in our opinion could be settled at the department level, but that department foremen seem to be afraid to settle these matters because of the unsettled conditions of the company. In other words, they are afraid to make any moves which might be considered if and when the company might decide to get rid of some of these foremen.

Clairmont - We are not blaming the union for our position. We have not made money. Our cost is 20 cents per pound of rubber as against 15 cents for other companies. After other statements by Clairmont, there was a question by Tony Stuzynski that we are with you in trying to cut cost, why aren't you also trying to cut cost.

Clairmont - Wait and see what we are going to do in regards to management in cutting down cost.

Hess - I can remember the day when there was very little supervision down at Lee Tires. Now, you have assistance to the assistants, to the assistants.

Clairmont - I repeat again we will open everything to you, the door is open, you can expectinspect all our records.

Hess - At the present time, we aren't producing a good tire. You had an M200 Tire that was red hot on the market. Now, you are cutting that tire.

Garthwaite - The M200 Tire when it was introduced practically fell on its face due to a splice problem.

Hess - What authority does a supervisor have, would you back up any commitment that a supervisor would make?

Clairmont - We know that we have to make changes in our supervisory personnel, there is rottenness in every corner. I agree with what you say, we are going to make changes. I need your cooperation. We need a new leader, possibly a Vice-President in charge of manufacturing. Mr. Veiock is not a seasoned man. We need a man who can come into our company and know about the conditions which exist and be able to correct them. Perhaps, he would need two seasoned assistants who can look into every corner and ferret out all the things that will make this a going concern. I need your cooperation. I do not liquidate, I have my records here which prove that I do not liquidate but again I say , " I need your cooperation."

Hess - I would make suggestions: 1. That you make a good tire. 2. That you layoff in the proper manner.

Clairmont - We are going over every department in our Sales staff, Administrative staff, and also our supervisory staff. We have instructed Mr. Hindersheid that from now on, he will be entitled to $300.00 per quarter for expenses. That will include Christmas cards and what else is needed. Top company officials will be limited to $25.00 per day for expenses for which they will have to account. Other company personnel will be limited to $15.00 per day. He also stated that he or Mr. Garthwaite or both would like to talk to our people in regards to the present situation.

Hess - How many people are going to be laid off this year? This question was not definitely answered by the company. In regards to better company-union relationship, Mr. Conway stated that he would be in the office of the Personnel Director, Friday morning and that he would pay closer attention to the Personnel problems. He also stated that in regards to the Murphy suspenion case, that he would request Delaney as Secretary of Local 227 to prepare a report regarding this case, and present it as soon as possible to the Personnel Department. After a few more remarks and statements, this meeting adjourned at approximately 5:55 in the Akron Tower Motel.

Defs Exhibit 16/20/67 1662A PIONEER 31A 31A (36)

Negotiating Committee
November 13, 1962
Company Conference Room

Union Representatives:
Sabol, Ronnan, Hess. McCann, Tarbutton, Bokoski, Volpe, Murphy, Stuczynski and Delaney

Company Representatives:
Conway, Velock, Weiman, Allan, Malcolm, Rutterow, Hiel, Miles

Conway: We are calling this meeting as a follow-up of our meeting in Akron. It looks as though we are not finished with the lay-offs. Clairmont said don't be surprised if we lose two or three million dollars in order to get the company back on its' feet. The company and the union must make some sacrifices. The company is in worst shape than it has ever been in its' history. We are back to where we were in 1925 or 1926. We are here, to try to accomplish our goal as soon as possible. Here are some of the sticky matters we talked about in Akron: 1. Tire Builders, this has been a problem for many years. It's a costly problem. We bought the 60 Machines because we were forced to by competition. We still have the problem of turnover. Of the last 50 men on the seniority list, 15 men are on the 60's, one on 4J, and one on the 2 ply machine. We could easily have another 50 men go out of here. These men would be affected. There have been 80 people on 24 machines. In the past couple of years, we have made several proposals regarding this matter, none of which have been accepted. We will make some proposals for your consideration: 1. Cancellation of side agreement 25-1 giving the company the right to assign men onto these machines. If the union would be afraid to accept this permanently, we would try it for a year. We would pick people who we figure would be fairly safe from bumping. Another alternative would be 2: change our lay-off procedure to departmental on lay-off and plant wide on recall. 3. Agree to take section 14.01.2 and 14.01.3 and put a star at A.B.C. with a footnote stating except Tire Builders. Tire Builders would not be subject to being bumped. We are in an unbearable situation. Maybe we ought to stop here and listen to any comment. Does anyone have any suggestion?
Hess: Are you talking about the complete side agreement? In my opinion, if we did away with the side agreement, everyone would go off Tire Building. I myself don't want a single bead machine and I don't think it is fair to force anyone onto any machine.
Conway: Basically, we don't want to force anyone to do anything against their will.
Hess: I have heard for the last couple of months the statement from certain foremen that if you don't like your job, quit.
Stuczynski: Why don't you try to make Tire Building a desirable job that it once was. I don't see how we can go for this.
Conway: There are a lot of contracts that exclude key jobs from bumping.
Hess: One solution would be to keep those time study men out of the Tire Room.
McCann: We had a case last week, where they changed the cycle. That didn't help the builder and furthher more, we don't have the material.
Conway: We cannot agree not to have the industrial engineers go up there. The figures show that Tire Building is a pretty good money making job. We haven't had very many builders from the 60's apply for other jobs.
Hess: The reason they are going above one hundred percent is because they are getting laid off and want to build up their earnings.
Tarbutton: What guarantee would you give us that you would not ask us to add other departments to the preferred list.
Bokoski: Every job is a key job to a certain extent.
Hess: Let's get the Lab into this.
Weiman: We can't make a tire like we used to and stay in business. In an independent test, Lee submitted their tire along with all other manufacturers and came out on top along with Goodyear. We are doing a good job. If we could, we would make a tire out of all synthetic. We can't put an M200 tread on a R400 tire.
Conway: To get back to Walt's question, we could make such a guarantee for a period of a year. We would not ask for any other departments to be included. If we would agree with proposal No. 3, we would not have to do away with the side agreement.
Sabol: We have a contract termination in June. Therefore, we can't talk about anything for a year's duration, and then furhter, as far as the time study men are concerned, 8:07 is or should be in effect here. In other words, what do you consider to be an extensive change?
Rutterow: We consider any changes in the spec.to be a change.
Hess: Suppose we come back with a proposal. Would you want to talk about a cap?
Conway: We would listen to your proposal. If cap is part of your proposal, put it in your proposal.
Rutterow: There are advantages and disadvantages to caps. I don't like it for one very obvious reason, your are restricting a person. In my own personal opinion, I don't like cap.
Sabol: I think caps would be to your advantage. It would eliminate a lot of your 100% off standard.

Velock: I think I should make an observation about item No. 3. Supposing we have a man who has been bumped who is a qualified Tire Builder, he should be able to bump into the tire building classification.
Hess: If we do away with the side agreement, LLoyd could assign a man to the new truck tire machine. The way you propose it, he would have to take it.
Conway: We will get on to the next item. The company is trying to install new equipment to insure full production. I know how the mechanical department is interested in Saturday and Sunday overtime. Clairmont talked about operating at 60% of capacity. At this point, overtime becones a major problem. A lot of people resent the fact that we are trying to reduce the overtime to a minimum. I think that the Maintenance Departments resent the fact that Clairmont does not want any overtime. We would like to mutually agree to stagger the work week in the maintenance department so that part of the department will be scheduled on Monday through Friday, the rest will be scheduled on Tuesday through Saturday. I will qualify that by saying we would try to schedule as many as possible on Monday through Friday and as few as possible on Tuesday through Saturday and furhter that we would rotate.
Volpe: I have studied the list of the outside contractor's for the last two years. I have found that over 90% of our work has been assigned to outside contractors. As far as these molds go, we could have had them in operation by working the last four Saturdays, it would have taken three pipefitters and one welder to hook these machines up.
Miles: We figure from the quotations of the contractor, that it would have taken 12 man days of welding.
Tarbutton: Something that comes to my mind is the fact that you cleaned up in the Mill Room on Thursday. Then you brought men in on Saturday at time and a half to clean up also. It should be to your advantage to pay time and a half to hook up the machines instead of cleaning in the Mill Room.
Hess: We have always claimed that the Maintenance Department is undermanned. Now, by staggering the work week, you will have less help in the Maintenance Department.
Tarbutton: You have made it rough on our members to try to get into the Maintenance Department, now, you are taking the overtime that made the job desirable away from us.
Sabol: I would like to point out that I have no contracts in this area which contain a clause for a staggered work week.
Volpe: In our opinion, you people are just being mean about overtime.
Conway: I would like to take issue with that, it is not Frank Miles who is dictating the overtime policy in this plant.
Stuczynski: I have a question. What has happened to the other factories that Mr. Clairmont has had an interest in?
Conway: I am not in a position to answer this question/ Mr. Clairmont stated in Akron that he had some papers that were public records. If you want to see the records, I will ask for them. In regards to the Funded Pension, the deadline for Income Tax is January 15th, the last Directors meeting for the year will be December 18th. I would like to say that the items we have presented should be considered A items, the rest which were discussed in Akron, should be considered B items, I will discuss them briefly. 1. Relief from the clause that guarantees 100% for off standard conditions. Most other companies have a lower allowance for these conditions. The next or No. 2 is the clause which states that we have to work 32 hours or less for four weeks in a 90 day period before we lay-off to bring the plant back to a full week. This is very hard to live with. When we negotiated this, we had in mind the whole plant. We have gotten down to individual employees, and this makes it that much harder to live with. The other matter is 3, returning people to the bargaining unit who have gone into management from the bargaining unit and furhter 4, this matter of the staggered work week might have some bearing on the outside contractor. We would like preferred consideration on the ones that we previously discussed at this meeting.

At our own committee meeting, we decided to tell the company that we are in now position at this time to answer their proposals. Also, that we would like to have Mr. Clairmont answer several of our questions before we consider furhter any of their proposals.

P.M. MEETING

Mr. Garthwaite was added to the company committee, also Mr. Turney appeared latter on at the A.M. meeting.
Hess: We are in no position at this time to negotiate your six point program. We sould have to refer everything to our membership and before referring it, we would like to have Mr. Clairmont sit in here and give us some answers to some of our questions.
Conway: I think this is the most ridiculous request that I have ever heard to ask a Chairman of the Board of a large corporation to sit in on negotations.
Hess: We made some suggestions in Akron about cutting cost. Have you done anything about those suggestions?
Ronnan: We are going to be asked certain questions. We will have to be able to answer them. You have the answers, answers, we don't.

Hess: Let's not make this a one way street.
Garthwaite: You made a suggestion in Akron that we reduce the cost of employee's tires. We have done that.
Stuczynski: You have also done away with payroll deduction.
Bokoski: The money that you save from payroll deduction will probably compensate for the reduction in tire prices.
Garthwaite: We had orders to do away with payroll deduction before the Akron meeting.
Conway: We had an employee of ours check Tancini's prices. We are approximately $1.75 cheaper for each employee at the branch. He then read a report on the Danella problem which was brought up in Akron.
Garthwaite: In my opinion, you fellows are being tested for your good faith, by Mr. Clairmont.
Hess: Will you keep the time study men out of the Tire Room.
Conway: If you are going to take that attitude, there is no use going on. Aren't these the ~~ti~~ same time study men who studied the 60's? Why, then, do the 60 builders do much better most days than 100%?
Sabol: We agree that we have problems, on both sides. We negotiated a Funded Pension with the company, did you live up to it?
Conway: Can we expect that you would agree with our proposal if we agree with the Funded Pension.
Hess: Did you make the survey that you talked about in regards to grievances?
Conway: We made it and it shows that if we could shoot a couple of foremen and frankly speaking a couple of committeemen, that we could solve some problems. I haven't finished the report, but I will bring it out. It was my intention to call a small group of people together and talk over these grievances and see if we can't eliminate most of them. We didn't get anywhere so far with the tire room proposal, how about doing something in regards to getting this new equipment operating.
Hess: We also want to get the new equipment operating. How about if our men do the work on Saturdays and get some extra welders into help. We would have no objections to bringing in two extra welders in to work along with Vince.
Conway: What can we do to help this tire building situation?
Tarbutton: How can you consider the foremen coming back into the bargaining unit a cost item.
Garthwaite: It would be very helpful to us with Mr. Clairmont if you could indicate that you will go along with the tire room problem. I think it will help with the Pension problem.
Conway: You fellows may feel that you gave a lot on 17:19. It doesn't appear that we can settle anything here. Shall we try to set up a meeting with Clairmont?
Turney: In my opinion, you don't need ken Oldham in this meeting, you should try to make some settlement first and then try to get his approval.
Garthwaite: Suppose we try to set up a meeting for next Wednesday and I will try to get Mr. Clairmont in.
With this the meeting adjourned to the Local Union Hall.

(3)

(36) PTO#32A

32A

1664A

6/5/67 Negotiating Committee
November 16, 1962
Company Conference Room

Union Representatives:
Hess, Ronnan, McCann, Bokoski
Volpe, Murphy, Stuczynski and
Delaney

Company Representatives:
Clairmont, Garthwaite, Conway, Veiock,
Allan, Rutterow, Heil

Conway: We all know why weare here, you fellows asked at our last meeting to have Mr. Clairmont present to answer some questions.
Clairmont: I have given some thought to our problem since our meeting in Akron. I think that we come to two separate problems. 1. The general concept of all of our operations, 2. The Pension Plan which is the main obstacle to all of our present problems. I am going to be very factual. The main responsibility lies with the ownership of the corporation. I own enough stock in the company to be the boss. I can give you an idea of what my past record represents. I will say I am not a financier. I am a manufacturer. I come from a manufacturing family. I have been in management for approximatley thirty years. The first company that I have been connected with as chairman of the board is the Reliance Manufacturing Company from 1953 to 1957. When I became associated with the company the stock was at about $9.00 per share. When I left the company, the stock was selling at $20.00 per share. I have tied up my partnear partner this time, so that if he wants to sell out from under me, he will have to sell to me. The next company that I will talk about is the Russell Manufacturing Company. I became Chairman of the Board in 1955. When I became Chairman of the Board, the company was deeply in debt and when I left they were making money. After that, I went to the Atlas General Plywood Company. When I became connected with this company in 1957, it was a bigger company than Lee but it lost 10 million dollars. In four years, I made 3 million dollars for this company. I then went with a company called Financial General, which was strictly a financial company. I didn't like this type of business and when my partners suggested that we sell, I fully agreed. I will say furhter without qualifications that I worked eighteen hours a day for Lee Tires.
Stuczynski: In your opinion, is our working agreement holding you back from making a success of our company?
Clairmont: It is not the working agreement, it is the way that you apply it. I will say that I am not a lone wolf operator. I will try to tell you where I stand in regards to labor relations. We will show you a few points. 1. We expect to show you that we know how to manage our business. 2. That we know how to handle our employees in such a manner that they will share in the profits of our company. Once we get going, I will not be averse to discussing a profit sharing agreement with you people. I intend to keep in close touch with you people at all times. If we can't convince you people to cooperate with us, we will have to try to save what we have at the present time.
Volpe: Why do you want an open hand with the outside contractors? We are the ones that are getting our hearts cut out.
Clairmont: We are only going to ask you to do what others in the business are doing, who are successful. We know that we have more men in our maintenace department than any other company of our size. Without settling the main issue, there is not much point in talking about other issues. There are four main points: (1. The background, we are convinced of the necessity of funding, the question is how are we going to fund? We have to do it in a reasonable manner. (2. The union is going before the N.L.R.B. and perhaps the Federal Courts., but, I would like to point out that the agreement is subject to the approval of the directors of the Internal Revenue Bureau. (3. The Internal Revenue Board will not approve any plan that is not insured to continuity. The board is not going to approve the plan as it is. Furthermore, our board will have its' annual meeting in January and we have the right to take this matter before our stockholders and we will. There are four matters on which we are in disagreement on the Funded Pension Plan. (1. If an employee terminates his employment with us, he should not be entitled to any pension with the company. I will say that although we are in disagreement with your points, in my opinion, this is negotiable. I will table this until 1964 if you so wish.
Delaney: We are not asking you to table this until 1964, we are asking you to drop it.
Clairmont: The second matter is: we are in agreement probably that the trust is responsible for the fund. (2. The fund will not be responsible for the benefits if the union causes a strike. I am willing, knowing that the union probable feels very strongly about this, to forget itabout no. 3. 4. Now comes the big one, the co-termination of both agreements. I will say this if there is a strike, in 1963, I will immediately proceed to take steps to liquidate the business. I have an open door for you people. I invite any responsible member of the union, I will mention either Mr. Hess or Mr. Sabol to become a member of our management committee.
Hess: You have an agreement which was signed by the members of your committee. We had an agreement in regards to duplication of benefits on our insurance plan. We were under the impression that we had the same insurance that we had before.

Clairmont: If you had this before, I will not quibble with you, I will give it back to you.
Conway: I would like to say that in as far as duplication of benefits goes, we accepted the general plan as it was written, along with the 80% makeup on workmen's compensation.
Hess: I have another request, instead of making our paid holiday on Christmas Eve, in order to balance out our paycheck, would you make the paid holiday on New Year's Eve. After several other statements by the Union and the company committee, the meeting was adjourned at approximately 6:20P.M.

(80) 35A

Def's Ex 00 id. 6/5/67 JD

I7 MEETING CONTRACT NEGOTIATIONS JULY I6, I963

FEDERAL MEDIATOR MR. L. McGEE

UNION REPRESENTATIVES			COMPANY REPRESENTATIVES	
BALDANTE	SABOL	HESS	CONWAY	HEINRICH
RONNAN	TARBUTTON	VOLPE	HEIL	
BOKOSKI	YAROSINSKI			

HEINRICH: AS YOU KNOW FELLOWS WE WENT TO A MEETING OF THE BOARD OF DIRECTORS THAT WAS CALLED IN REGARDS TO LABOR NEGOTIATIONS. WE ARE NO LO LONGER WORKING ON A DAY TO DAY BASIS AFTER JULY I8, I963.

HESS: We have received your letter stating this. We are asking for a recess so we can go up to the Union Hall and go over your proposal.;

HEINRICH: We are also giving you a list of the work rules that we will put into effect.

CONWAY: Wages will be reduced by 20%. All conditions are subject to change from time to time. We will also put in effect a job evaluation program.

HESS: We are willing to work under the terms of the old agreement until such time we can reach a new agreement;

HEINRICH: We will put the new rules in affect . We will make the new contract retoractive to July I8, I963.

HESS: Once again I repeat we are willing to work under the terms of the old agreement until we reach a new agreement.

HEINRICH: We are not willing to work under those conditions any longer.

HESS: I reapeat again that the Union is willing to work under the old contract;

We are also willing to meet the Company at any time.

CONWAY: We also stand ready to meet at any time you are willing:

SABOL: The commissioneer will arrange a meeting.

36A

Def's Ex. PP id. 6/5/67 mb

TELEPHONE CONVERSATION HESS AND CONWAY JULY I6, I963

HESS: called Conway and asked if management would be willing to recind the letter about wages and working conditions effective July, I8, I963. and work day to day under the terms and conditions of the old contracts.

CONWAY. Stated that he would call back to the Union Hall after he talked with Mr. Heinrich.

CONWAY: Called back and stated that the Board of Directors made this decision for the Company. And Mr. Heinrich was not changing it.

HESS: Mr. Conway, The Union is not accepting your proposal for a wage reduction of 20% effective July I8, I963 and we are not acceptimg your working rules.

We are also officially notifying you that the Union is cancelling the day to day basis immediately. TIME 3:45 P.M.

37A 1668A Def's Ex QQ id. 6/5/67 MS

13 th MEETING CONTRACT NEGOTIATIONS JULY 30, 1963

FEDERAL MEDIATION BLDG. 1015 Chestnut Street Phila., Penna.

FEDERAL MEDIATOR Mr. L. McGEE.

UNION REPRESENTATIVES			COMPANY REPRESENTATIVES	
GARBER	SABOL	BALDANTE	CONWAY	BERNSTEIN
HESS	RONNAN	TARBUTTON	HEIL	HEINRICH
VOLPE	YAROSINSKI	BOKOSKI		
GENE TORNEY (I/2 HOUR)				

MCGEE: Has either party had any change in their position; so we can reach a settlement?

BERNSTEIN: Let me say this; There has not been any change in the economical changes that the company has requested. We feel that we need these changes more than ever now. Is this correct Mr. Heinrich?

HEINRICH: Yes that is correct.

BERNSTEIN: We have a couple things that we would like to bring up later in this meeting.

HESS: The Union has no change in our position. We also feel that we need the changes that we requested.

BERNSTEIN: We have 2 items to bring up. I will bring one up and Mr. Heinrich will bring the other one up.

NOTE* Company presented to Brother Hess a letter dated July 30, 1963 regarding tires to be made outside during strike.

BERNSTEIN: This letter is of utmost importances to the Company because continuance of this strike could destroy the Lee Tire Centers. This amounys to around 10 Million Dollars worth of business. We have lost Phillips and we might lose Pep Boys. We feel that we should tell you that we will try to get tires made.

GARBER: I though you told the Union before that you had a large inventory of tires. Just what do you want from us.

HESS: We are willing to go back to work, if you sign the old contract for two years.

BERNSTEIN: We also are willing to work under our new conditions.

GARBER: Where are your tire molds?

BERNSTEIN: Our molds are scattered around. Some of them are in the plant. But it would be nice of the Union to agree to this letter.

SABOL: We will build tires under the old terms and conditions. But we are not going to go back 40 years.

GARBER: What about that statement you made that you were not going to do any of our work in the event of a work stoppage.?

HEINRICH: I made that statement. No tires are being manufactured. We did load out some tires. We had to give the foreman something to do. We are not performing your work, as I stated before that we would not perform any of your work. You are not letting truck drivers pass the picket line so what good would it be if we did do your work.

TARBUTTON: We are not forcing truck drivers or any one else away We are only requesting drives not to pass the picket lines.

GARBER: This strike is a hardship for both sides. We will not give you our permission to have Lee Tires made elsewhere. The desire of the Union is too reach a settlement.

BERNSTEIN: This strike is two (2) weeks old now. It doesn't look like it will be settled soon. We don't feel that we should pay or can pay your life insurance after this month.Make arrangements so the individual can pay his own insurance.

HESS: Just when did that contract expire?

BERNSTEIN: The company will not pay the premium any longer. The carrier said that each individual can pick up there insurance. They can apply through the Lee Company. we will have the forms at the employment office.

GARBER: It is our opinion that our Life Insurance will continue Unless you are terminating in the proper way.

BERNSTEIN: Pension agreement is ok. We feel you people are not entitled to life insurance while on strike.

GARBER: It is our interruption that benefits continue, unless the contract is terminated in the proper way. We have arbitration awards in favor of this. We can show you them if you wish.

BERNSTEIN: We are not canceling the agreement. It will remain in full force and effect. Employee's on strike are not paid. Insurance is part of wages and you are not earning any wages at this time.

GARBER: We do not agree with this. Are you talking about just the Life Insurance.

BERNSTEIN: Yes, we are only talking about Life Insurance. We are not paying the premiums due July 31, 1963 for the month of August.

#3 July 30, 1963

BERNSTEIN: Patterson stated that the Union might consider Pen Pension relief, change from minimum funding to terminal funding; Servance payments might be extended We are very grateful for this consideration, But all of the proposals that were given, don't solve the wage reduction that we need now. The Union had some movement but not the relief that we need now.

McGEE: Cost per pound was this discussed with Patterson?

BERNSTEIN: Yes it was. I2.5 productively sharing. Standing by itself I2.5 doesn't mean much to us. 20% higher than industry we could cope with.

GARBER: We stated this was subject to discussion.

GARBER: We are willing to talk about any thing you wish to talk about. We want to have this strike settled as soon as possible.

SABOL: We didn't want a strike. You people forced us into this

BERNSTEIN: The movements by the Union is not enough relief.

GARBER: The total relief would be around what you requested, without our people taking a wage reduction

I. Changing pension to terminal funding.
2. Seperation pay postponed I I/2 or 2 years. The thought behind this was to help the company get back on their feet. I am sure this would help alot.

3. Productively sharing. With the companys cooperation the employee could cut the cost per pound.

Taking everything in consideration this represents alot of money and I feel sure this would help alot.

BERNSTEIN: The proposals of the Union are making us take a gamb gamble for a year

GARBER: Wages aren't the only thihg when it comes to cost. So you were offered relief, but you still want more. Sure it is a gamble for you, but remember it is also a gamble for us.

BERNSTEIN: Yes but if we lose the gamble, we would have more losses

HEINRICH: It all comes to a wage reduction. We need a wage roduction productively cost cut. We need every thing we asked you for.

#4 JULY 30, 1963

BERNSTEIN: The ideas do have merit, but the business judgement is that we need all the relief you offered, but we also need the wage cut.

GARBER: Well your not getting any wage cut.

GARBER: 200,000 thousand a year on wages. If pension relief was 100,000 and you don't think it is worth talking about this is ok with us.

BERNSTEIN: They are wobth talking about any time we can save 100,000 it is worth talking about. We still feel the 20% wage reduction is a must. We explained we still feel the proposals we proposed is what we need.

HEINRICH: I second the motion.

BERNSTEIN: It is our intention to hold out for the wage reduction

GARBER: Well you will not be getting any wage reduction

McGEE: I am requesting a meeting for August 6, 1963 Time 9:30 A.M.

HESS: We are willing to meet any time

GARBER. The Union request once again a report of the position of the Pension according to the agreement.

CONWAY: Make a note of that Norb.

38A

Def's Ex RR id. 6/5/67 1672A

19th MEETING CONTRACT NEGOTIATINGS AUGUST 6, 1963

FEDERAL MEDIATION BLDG. 1015 CHESTNUT ST. PHILA, PENNA.

FEDERAL MEDIATOR MR. L. McGEE

UNION REPRESENTATIVES			COMPANY REPRESENTATIVES	
GARBER	SABOL	HESS	CONWAY	HEINRICH
RONNAN	TARBUTTON	VOLPE	BERNSTEIN	
BOKOSKI	YAROSINSKI			

McGEE: Gentlemen is this the day of settlement? I want to ~~hear~~ hear your views. Is there any changes in your position?

HESS: The Union has not changed its position, at this time.

BERNSTEIN: There is no change in the Company's position on the economical issues.

GARBER: What is the story about Firestone, that we seen in the paper.

HEINRICH: That was just a rumor. I know nothing about it.

CONWAY: I would like to advise the Union that we are having a audit made on the S.U.B.

We will also give you a report on the position of the pension fund.

GARBER: Is their any way that we can got a copy of the new Life Insurance policy.

CONWAY: We don't have the new ones yet; but there are suppose to be the samo as the one we had with Travellers.

SABOL: Don't you have a copy of the master policy?

CONWAY: No, not yet.

McGEE: Doesn't either party have a change in their position?

BERNSTEIN: The Company still wants a wage reduction. This is our position.

GARBER: We did offer relief that would be equivalent to the reduction that the company requested.

BERNSTEIN: You are only figuring on 270 employee's. We must figure on 500 employee's when you consider relief.

#2 CONTRACT NEGOTIATIONS AUGUST 6, 1963

GARBER: Don't forget you stated that many of the laid off employees would never be recalled.

BERNSTEIN: Some will never be recalled. Maybe 100 will never be recalled.

SABOL: In order to get productively you will have to recall. You can never operate that plant with 270 employee's and make money. Just what are you fellows trying to prove.

BERNSTEIN: You are correct; but don't forget it is your future as well as ours.

McGEE: I am hopeful that something will break out in Akron Ohio. I think that we should meet at least once a week until we settle this contract. I am willing to meet you fellows in Conshohocken.

BERNSTEIN: Conshohocken, is ok with me, but we don't see any need for a meeting next week.

HEINRICH: I don't want a meeting set up for next week. If either party has a change in their position; they could notify the other party and then a meeting could be arranged.

CONWAY: We would like a five(5) minute recess. I don't see any reason for a longer one. We have alot of work to do.

NOTE* 5 MINUTE RECESS.

BERNSTEIN: It is Mr. Heinrich position not to arrange a meeting but if either party has a change in their position we could arrange a meeting at that time.

HESS: The Union is willing to meet any time. We are available any time so we can reach a settlement.

CONWAY: Is it necessary to have 12 people come here just to hear that there is no change in either partyies position. You might call this collective bargaining but I think this is ridiculous.

HESS: You can't tell us who to bring. I will bring our whole committee.

CONWAY: I am noy trying to tell you who to bring.

McGEE. I would like to keep one (1) day a week open; in case of a change in either party's position.

#3 CONTRACT NEGOTIATIONS AUGUST 6, 1963

HEINRICH: We are just as willing to meet as the Union. But with no change in the position of either party, what is the use of meeting?

GARBER: We should review the items that aren't settled. That is way you reach a settlement. You will never reach an agreement any other way. I have never seen this happen in my 17 years of negotiations.

HEINRICH: You have our minimums. We have no changes. It is either yes or no.

SABOL: We have other Local Unions to take care of. We have a schedule. We want a meeting set up to resolve this. This is the only way our differences can be resolved, by having meetings.

McGEE: I want a meeting for next Thursday. I'll come up to Conshohocken.

HEINRICH: We perfer to meet here. I perfer to have a meeting in two (2) weeks. No meeting next week is what I perfer.

HESS: The Union request that Mr. Clairmont be present at the next meeting.

HEINRICH: You can't tell us who we will bring to these meetings.

HESS: Well Conway was trying to tell me not to bring our whole committee.

CONWAY: Bring your whole committee; It doesn't make any difference to me.

RONNAN: The Union doesn't like the way Mr. Heinrich is telling the office employee's that it is our fault that they are being laid-off.

HEINRICH: We hear you Jim.

TARBUTTON: When you start naming certain people's names, it is our business; we want this practice stopped.

McGEE: The next meeting will be here next Thursday at 10A.M. AUGUST 15, 1963

39A Def's Ex. SS id. 6/5/67 MD 1675A

20th Meeting Contract Negotiations August 15, 1963
FEDERAL MEDIATION BLDG. 1015 CHESTNUT ST. PHILA, PENNA.

FEDERAL MEDIATOR MR. L. McGEE

UNION REPRESENTATIVES

GARBER SABOL HESS
RONNAN TARBUTTON VOLPE
BOKOSKI YAROSINSKI

COMPANY REPRESENTATIVE

CONWAY HEINRICH
BERNSTEIN

McGEE: Did any thing develop at Youngstown, that might change the picture here?

BERNSTEIN: We have not been in contact with Republic. Conditions at Youngstown are seperate. We hope Youngstown reaches a settlement soon.

GARBER: Problems are similar; but proposals are different.

McGEE: Does either party have any basic changes in their position?

BERNSTEIN: We need drastic relief, and we have been over and over this. The Union says no wage reduction; but we haven't changed our position.

GARBER: We have offered the Company economical relief. But we are not taking a wage reduction. I would think some time along the line we should work out the other differences and then settle the wage problem.

BERNSTEIN: What makes it difficult every thing involves cost. If we settle every thing else we still have wages; a reduction in Seperation pay and S.U.B. These are all vital items. Bumping is also important. We need a combination of all things. Termination isn't to important.

GARBER: I know it would save time if we would work out all the other items and then settle wages. I know it would save time at a later date.
Managements Rights Clause we both stated we could get together on this item. Lets work on this.

BERNSTEIN: Termination isn't inportant until we reach an agreement.

GARBER: How about foreman returning to the Bargaining Unit. We might be able to settle this.

CONWAY: We spent six(6) weeks trying to work things out. It is no use going over these things if we can't get together on wages

#2 CONTRACT NEGOTIATIONS AUGUST 15, 1963

RONNAN: The way you fellows talk we can't come to a settlement.

BERNSTEIN: We have taken the position that Article 12 will not be in the new S.U.B. Agreement.

HEINRICH: This is a deadlock lets face it. We gave you fellows our minimums.

RONNAN: We also gave the Company our minimums.

HEINRICH: We are worlds apart on productivity sharing. You rejected our plan that Mr. Clairmont proposed. We also rejected your plan.

RONNAN: How about your Job evaluation .

BERNSTEIN: MAKe a list and we can go over them.

1. Managements Rights Clause
2. Termination
3. Foreman returning to bargaining unit
4. Paid Grievance time
5. Job evaluation
6. Productivity Sharing
7. Vacation pay
8. Extended Funeral pay if death occurs during vacation
9. Off standards payment
10. Wages

BERNSTEIN Wages are very important.

GARBER: It wouldn't make too much difference about wages on this productivity sharing.
We will draft up items on our position on the things you mentioned.

BERNSTEIN: My common sense tells me that we are very far apart.

HEINRICH: I am very much interested in productivity sharing.

HESS: We are always available and willing to meet at any time until we reach an agreement.

BERNSTEIN: So our we available any time.

GARBER: Have you terminated any laid-off employee's?

CONWAY: No we haven't.

#3 CONTRACT NEGOTIATIONS AUGUST I5, I963

GARBER: Your new work rules you put into effect said you were terminating employee's that are laid off for a period of one year.

CONWAY: We didn't terminate any of them. I think we should stick to the S.U.B. agreement as far as paying S.U.B. We have a written agreement on the payment plan.

GARBER: We want an answer on termination of employee's . We are taking the position if you terminate then they are ~~eliminate~~ eligible for payments

CONWAY; On pension April 4, I963 we made a payment of #203.000 Status is around #I75.000 thousand Payments amount to about $8,000 a month.

GARBER: You have told us that you weren't going to pay our Life Insurance. Will you entertain a grievance?

BERNSTEIN: If you want to file a grievance; we will give you an answer. Send us a letter that you want to file a grievance on the old contract.

GARBER: We will make this in writing if you desire.

McGee: We will meet again on Wed. Sept 4, I963 at I0 A.M.

40A Def's Ex T Tid. 6/5/67 MD 1678A

" 21st Meeting of Contract Negotiations Sept. 4, 1963

Time 10:00 A.M. Federal Mediation Bldg. 1015 Chestnut St.

Federal Mediator----- Mr. L. McGee Phila.

UNION REPRESENTATIVES

GARBER SABOL HESS
TARBUTTON VOLPE
YAROSINSKI

COMPANY REPRESENTATIVES

CONWAY HEINRICH
BERNSTEIN

McGee: Are both parties prepared to submit their drafts to one another?

BERSTEIN: We have a letter addressed to Walter Tarbutton in regards to your insurance.

GARBER: Is the Company paying for the Union members insurance for Sept. or just August.
We want to know when the 31 day grace period starts. In your letter of August 28th you stated that you were paying for August and Sept..

HEINRICH: Bob we will check with the insurance carrier. We will have an answer for you soon.

GARBER: Will you please leave us know as soon as posssible.

HEINRICH Yes we will Bob.

GARBER You are talking about Life and Hospitalization.

HEINRICH: Yes that is correct Bob.

SABOL: Under what provision are you cancelling these?

BERNSTEIN: You fellows are not working so therefore you are not elegible for this coverage. The agreement in its entirety gives us this right.

GARBER: If we desire to submit a grievance will you except the grievance and also arbitrate?

BERNSTEIN: We will except the grievance

GARBER: Will you appointed arbitrate?

BERNSTEIN: Not at this time.

HESS: When did you change the Insurance carrier?

CONWAY: We changed carriers in June.

#2 SEPT. 4, 1963 Meeting

HESS: The employees on lay-off should have a rebate coming.

CONWAY: Traverlers put into effect in April a price increase so laid-off employees owe us money.

HESS: We still feel that you should retirn the 2 months rebate to these employees on lay-off.

CONWAY: We will look into this matter, and ~~lave-~~ leave you know what we will do.

GARBER: If employees had a claim before the strike are you continuing their benefits.

BERNSTEIN: This is up to the Insurance Company. If there benefits relate to payments of permiums we are not responsible.

HEINRICK: In regars to pregant women; we will answer this along the lines of the other questions.

BERNSTEIN. One problem we have is heat; fire, water in the machinery. We would perfer to do this in a easy matter.

HESS: We asked you before negotiations if you needed any men and you said no.
TARBUTTON. We did ask you and you told us no: so why ask us now?

GARBER: Just what do you need?

BERNSTEIN: Sprinkler men, so sprinkler system can be maintained. We need special valves. We would perfer to deal with a Union firm. We also need the machinery drained.

GARBER You should tell us what wages you will pay and the number of men you need.

TARBUTTON You should of thought of this before you forced us out. You told us you could handle your own problems. Well handle this one.

HEINRICK: We need a sperate heating unit for the office. We can use gas or oil.

BERNSTEIN: We see no reason why you should turn down Union plumbers. We need approx. 36 valves

HESS: We are leaving too many people in the plant now.

CONWAY: Like who?

HESS: CONWAY JR: AND A COUPLE MORE.

#3 SEPT 4, 1963 MEETING.

BERNSTEIN: We will go to the Montg. County Court and then you'll open up your picket lines. I hope the Union has the money for lawyers.

HESS: Don't worry about the Union lawyers.

BERNSTEIN: We will put in the valves. The heater might be a different case. we will investigate.

McGEE: How about the drafts you were both suppose to submit?

LUNCH I2;00 until I.05 P.M.

GARBER: MANAGEMENTS rights more or less agreeed as in old contract. and grievance time of 75 hours tentively ok.

BERNSTEIN: You are talking about the S.U.B.. I still think this is an area that too much time should not be spent on it at this time

GARBER: We though we had an agreement on this.

BERNSTEIN: We didn't agree on principle.

GARBER. Our minutes and yours probably will show we did agree in principle.

SABOL: You should stick to your word. You people change your word every meeting.

BERNSTEIN: You people will take a wage cut before you go back to work; or you won't go back to work.

VOLPE. We won't go back for even a penny decrease.

TARBUTTON. We told you in Junethat we won't take a wage reduction. And we mean it.

BERNSTEIN: 2 hrs min. is offered for vacation pay.

TARBUTTON. Your offer is rejected. Conway said a min could be worked out along the big 4 lines.

CONWAY: I said a min. along the lines of other rubber Company might be worked out.

VACATIONS: 2% straight time company. Union 2% of GROSS KEY JOBS ??????? FOREMAN RETURNING TO BARGAINING ok in pri nicipal

NEXT MEETING SEPT I9, I963 IOA.M.

41A

Def's Ex UU id. 4/5/67 (D)

1681A

22nd. MEETING CONTRACT NEGOTIATIONS SEPT.19, 1963

10.15 Chestnut St. Phila.
FEDERAL MEDIATOR MR. L. McGEE

UNION REPRESENTATIVES
SABOL HESS ROMNAN
TARBUTTON VOLPE BOKOSKI
YAROSINSKI.

COMPANY REPRESENTATIVES
HEINRICH CONWAY
BERNSTEIN

McGEE: We call yo u here periodically to see if either side has any change so we might reach a settlement.

BERNSTEIN: No change in Company position.

HESS: No change in the Union's position at this time.

CONWAY: Conversion question has been received about the possibility of 31 day conversion. We asked the insurance Company for a ruling. We have a verbal ruling but they want to check with the laws of PENNA., & OHIO. No conversion period for any of the coverage of Hosiptal or Medical. Life Ins. Termination of company contracts with Ins. Co.. or termination of employees. Strikers are considered as Lee employees and by law not terminated by the Company or employees. The Company has not terminated the contract with the Ins. Co. so strikers have no conversion.

BERNSTEIN. We want to see this in writing, because we don't know if they are right. As soon as we get this letter we will give the Union a copy of it.

CONWAY: They promised to mail it to-day.

SABOL: Did the Company pay the Ins. for AUGUST AND SEPT.?

CONWAY: We will pay AUGUST & SEPT; this is our intentiom coverage does not apply after SEPT.30, 1963

BERNSTEIN: Coverage could end Sept, 30, 1963

HEINRICH: We will give you the Copy of the letter as soon as we get it.

CONWAY: Let's assume there is no coverage after Sept.30. 1963 We would like the Union to leave us know what they are going to do about it. INSURANCE PERMIUM MUST BE PAID BY OCT. 10, 1963.

HESS: We sent you two (2) grievances on this Ins.. We would like to request a meeting.

2 COPY [illegible] 5. 10, 1963

BERNSTEIN: We will give you a reply on the two grievances.

CONWAY This is what we propose to write or answer you. we will confirm our answer in writing.

Heinrich: I don't think you fellows have a grievance procedure.

RONNAN. You don't think that we have any rights. But you can bet that we will argue. We have a contract on that; and we will make you live up to the contract.

CONWAY: If a person was disabled or sick before the strike we will pay for the duration of sickness or accident up to the 26 weeks or released from the Doctor. This is a volunteer bases.

HESS:- This is alot of crap.

TARBUTTON: Will you Mr. Bernstein give us permission to publish in the newspaper that your Law Firm is representing Lee Rubber & Tire Corp. in these negotiations.

BERNSTEIN: You have my permission. (HE GAVE TARBUTTON his LAW FIRMS CARD.)

HESS: WE are willing to return to work under the terms and conditions of the old agreement until we can reach a agreement on the new contract.

BERNSTEIN: The Company's response is that the old terms and conditions is entirely to much for the Co. to bear. The minimum financial conditions that the Company can accept are those stated to the Union in the meeting of July I6, I963, at which time the Company was compelled to exercise its legal right and sound judgement in stituting new economical terms and conditions of employment necessary to prevent the Tire division from going out of business

McGee I will call the next meeting on Tuesday Oct. I5, I963 at I0.00 A.M.

HESS; Lets meet at 5.00 P.M. in Conshohocken, Penna.

BERNSTEIN: We will not meet at 5.00 P.M.

TARBUTTOn. In all fairness we should meet once in Phila. and then once in Conshohocken. The Union makes this request.

MEETING ADJOURNED.

1683A

Def's Ex VV id.

6/5/67 mlb

42A

Informative

June 24, 1964

Home Team
for both agreements

Sheraton Hotel
3rd Meeting.
Pension & Ins.
Company.

Conf. not
agreed

Bernstein Schick
[redacted] Miss Mann

ension

abel - Hess

ibution

check.

You fellas suggestion 2 yrs (extended working agreem

Pension for the Corp. Worse now. Our Landjudicial Customers

forces to close branches - Smaller Sales Volume.

for branches we are forced to reject your proposal

Prohrank - plant West Hobra 7000 Trucks. 45 employees

U.S. Rubber. Less than 300 employees 7000 a day.

abel. Began collapsing

check.

r change Hess. in rejection

r debit must become.

ONLY COPY AVAILABLE

(2)

Arnstein We also reaffirmed our position because of your willingness to consider concessions.

Schuck.
else further admendments to our proposals. -
Such a injunct - such admendant proposal expires
or continues after 60 days (40) for pension (47)

Pension illness
(43+7) allowed as follows. If any employee portion in
pension illness or injured - he shall retain
whatever rights he had under pension before he
go sick or injured
~~Sick~~. 80% he will go along with 2/3 of his
take home pay. (13)

Yes We'll appreciate the change of your position - We are willing to through every thing on the Table

(3)

Brunstein

Jon understand our position & we understand yours.

1st Amount changes our position

2d have no objection to getting the Federal Med. in. Motion & signed contract get F. M. in meeting Position is open & we hired & ~~fired~~ Carter has been taken.

Jones

Yes This Conflicts setting around Carter Grossvale

Phil Yes boys could have many Cons on servicing

Line Brunstein

1960. ¼ of million

1961 ½ of million

1962 1 million

Phillips 407. of Volume. Disapproved.

ONLY COPY AVAILABLE

(H) Burnside

Specific system for wool make more the flat rate. System must be framed to make more [illegible] first selection. 20% Cut. 10 units a day 10 units half.

Customers tell us our Content is the worst in the Industry.

[illegible]

Bartlett Goodrich office mgr. - [illegible] production mgr.

Check Cost are high - Wages foreign Benefits protecting Duties, losing Customers. protecting vastly lower than Competition if we get relief. we must try to save Customers. facts forging Ahead report. we reached rock bottom now. Our hopes for discussion frame we need relief

ONLY COPY AVAILABLE

(5)

Bernstein. Fed mad in at Hess suggestion
OK. 2d should get to work on this.

Hess Fenton agreement for 6 mos + then meet again

~~Reid~~.

Dunn. this is reminder
at the appropriate time we will advise the
fenestrae

June 30, 1904

Valley Forge Hotel

Miss Mann.
Bernstein
Schick

Schl - Hess
Tarpaulin. 43A 1688A

Def's Ex WW
6/5/67

Next meeting Tuesday Morning July 7, 1904 at 10.00 A.M.
3 Plates

Schl. - Letter I sent home with Cl. is a threat. Not scaring any one.

Schl. We receive your letter of threat.

Hess I thought the Federal Protective

Bernstein. Flat Founds 83⅓ cent.

Schl. More or less under Respirlic - generally among the Dems. By average, all earnings thirty yrs. divide by years. Add on accrued earnings for 1900 & Respirlic - $2.45 normal retirement.

Hess going over to flat rate.

By going up the founds the company will save alot of money.

We will agree to go along with a flat rate Tarpaulin But not you to cut in fraction

Burstein 4A. "Participant". 1689A (2)

which to provide the offeror - right to transfer vested pension. other person not employee but our participants

all employees are pensioners

Whether

persons that already has vested right this will not affect them.

Burstein -

Take any thing that we agree this is contrary on the whole Contract

Proposal (5) Burstein 4 cases.

Take it we drop the female she will be dilluted plan.
the other pensions

Proposal (6) Burstein do away with Service Award.

Give you can collect in lieu of a deferred vested pension.

ONLY COPY AVAILABLE

Amount $16,000 award — payment made during month of June. Pension Fund

Brinedum. Permian & Marks agreement effective together. Their Indenty agreement dont effective together. The Company owns both agreements together.

c.lv6

(1) agreed

(2) open after 60 days.
Workmen Comp.
Either is agency to Republic Founds. Aggregate Coverage is not necessary.

(3) [illegible]

(4) Possible
4B reject

(5) Sales. If first rate is accepted we will Consider it.

(6) reject

(7) reject

(8) agreed

9 - reject

(4)
1691A

10 reject

11 A. We agree.

11 B. Company disagrees second sentence

11 C. reject.

11 D reject

11 E. reject

11 F. If adopted Franklin will accept.

12 A. will agree -

Company agrees it will be reinstated

12 B. will agree

12 C. If present wording is perfectly O.K.
reject

13. reject

(14) agree.

(15) reject

(16) reject

(17) Company 66 2/3 -

(18) reject

(19) We accept

(20) reject

21. reject

22. Will Consider

23.

Summation

The Union has given evidence to help us know we asked for a large number of drastic proposals. The Union moved & maybe we can modify some of our proposals. In addition direct Cost items both agree. Let us examine our position on Co Termination. Maybe we can move closer if we consider this.

Annuities & pension

Insurance

& Co. Termination

(E) Gabel.

For ai we want to know that we have to give up in toto agreement Gabel.

Even - pension prof Dns -

Time progress made we will reconsider & you dr the same. remind relief & adjourn.

Less this is not helping to get the plant in operation.

Burstein the Company sent as far as it felt it could go.

ONLY COPY AVAILABLE

54A

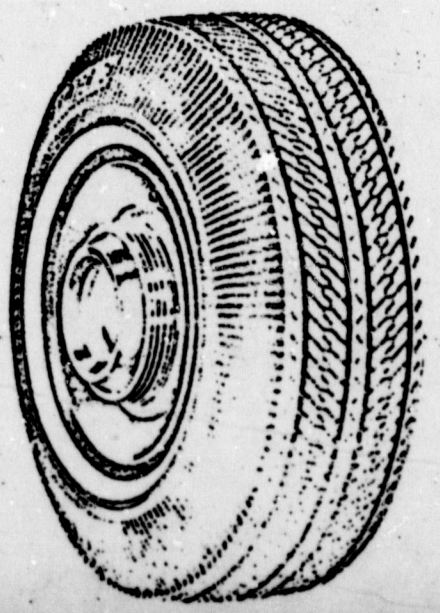
(37) FD + 54A

TM 5

LEE RUBBER & TIRE CORPORATION

Annual Report

FOR THE YEAR ENDED OCTOBER 31, 1962



Report to Stockholders

During the fiscal year ended October 31, 1962, the unfavorable trend in the Company's operations, which commenced about three years ago, was accentuated even further, due partially to the deterioration in the price structure of tires which affected earnings of the whole industry and also to various other specific factors pertaining to our Company. As can be seen from the attached financial statements, our losses for the fiscal year ended October 31, 1962 amounted to $1,447,797, including special charges aggregating $172,000. After appropriate tax credit, the net loss for the year amounted to $840,297.

This loss can be traced primarily to the following:

1. Unprofitable operations in a large number of the Company's branches.
2. The existence of certain unprofitable sales arrangements or commitments.
3. The cost of funding pensions under the union agreements (entered into by the Company in 1961 and providing for funding commencing in 1962) which amounted to about $476,000 for fiscal year 1962, representing an increase of about $310,000 over the pension costs in the previous year, before funding.
4. The increased costs of doing business to which our Company is particularly sensitive, in view of the higher than usual overhead relating to our system of distribution in the tire division. The impact of such higher expenses was even more severely felt this year due to the Company's smaller sales volume in that division.
5. Write-down of certain obsolete and slow moving inventories including such inventories of non-tire automotive supplies which had to be written down to expected actual realizable values in view of our withdrawal from and projected disposal of most of the non-tire automotive items distributed by the Company.
6. A substantially higher charge-off this year for uncollectible receivables than last year due to the unusually competitive condition of the tire market which affected the business of certain of our customers.
7. In connection with plans to eliminate certain undesirable and unprofitable products and activities, provisions were made for carrying charges and other expenses and losses arising from the implementation of this program. The elimination of such unprofitable operations should contribute in a constructive way to the Company's general position and help it to emerge in a healthier condition.

Important changes have recently occurred in the Board of Directors and in the top management of the Company. Mr. Albert A. Garthwaite retired as Chairman of the Board shortly before the end of the fiscal year, and Mr. M. M. Clairmont was elected to this position. Mr. Clairmont has been associated in the past both as large stockholder and as Chairman of the Board with several publicly owned companies which were rehabilitated during his association with such companies. He is participating actively in the management of Lee and in the formulation of its new policies.

The top executive personnel of the Company has been strengthened by hiring a few key executives of the proper caliber and experience to assume the responsibilities involved in the necessary task of the internal reorganization. Mr. Willard L. Heinrich has joined the Company as Executive Vice President. He has formerly been Vice President and Treasurer of Young Spring & Wire Corporation, Executive Vice President of Atlas General Industries, Inc., Comptroller of Brown & Bigelow and Treasurer of Georgia-Pacific Plywood Corporation. Mr. John D. Garrett has joined the Company as Vice President to concentrate on purchasing and reorganization of the Company's Branch System. He has well-rounded business experience and has been in the past First Vice President of Reliance Manufacturing Company. Mr. Edward Barkett has joined the Company as Vice President-Manufacturing. He was associated in the past with B. F. Goodrich Company and more

recently with Mansfield Tire & Rubber Company. Mr. Barkett is bringing to Lee his great experience and knowledge acquired during a period of over 25 years at all levels of tire production. Your management continues to seek proven, able executives especially in the area of sales and marketing to fill in certain key positions in order to round out its top management team.

In order to induce certain capable executives to join our ranks, representations had to be given to them with regard to a stock option plan in which it is anticipated they will participate. This stock option plan is explained in Paragraph 8 and set forth in appendix A of the Proxy Statement enclosed herewith.

A comprehensive review of all the aspects of the Company's business and a thorough examination of the present methods of operation has recently been commenced and is currently continuing. It will take a few months before this examination is completed, and, therefore, it is now premature to discuss the results of this survey. In the meantime, however, certain measures have been taken in order to immediately correct certain obvious weaknesses and shortcomings, namely:

1. A drastic cost reduction program to cut down the Company's general overhead to the minimum possible has been put into effect. In line with such austerity program to establish every possible economy, salaries over $15,000 per year (except those of the newly employed executives) have been reduced by amounts varying between 10% and 20%, with the greatest reductions applying to the highest salaries.
2. A program has been commenced to eliminate gradually those activities that appear to be undesirable as a result of the above mentioned survey.
3. Studies are being made to streamline and standardize materials, manufacturing processes and products, in order to increase productivity and reduce manufacturing costs.
4. Efforts are directed towards achieving a better control of inventories and coordinating more effectively production with sales, thus releasing working capital presently tied up unnecessarily, and obtaining a cleaner and better balanced inventory. We are in the process of installing an IBM 1401 computer from which we expect substantial benefits in connection with the above program, and which should also help streamline the operations and reduce the costs of many of our accounting and administrative functions.
5. The Company's credit policies are being revamped and stricter credit controls are being instituted in order to minimize our credit losses.

It will take quite some time to accomplish the vast reorganization program ahead and put into effect such new steps as may become necessary as a result of further facts that may be revealed when the above mentioned survey of operations is completed. Our Company must be prepared to alter many of its former fundamental concepts and new approaches to marketing and distribution of certain Lee products may have to be adopted in addition to the existing ones. From the foregoing it is obvious that 1963 will be a year of transition and of significant changes in the basic policies and the manner of operations of the Company.

Unfortunately, a heavy price will have to be paid to correct the existing situation and to put the new program into effect, especially at a time when industry conditions are at their worst in many years. Although this program will impose an unavoidable sacrifice which will adversely affect the Company's results for the time being, our stockholders should bear in mind that unless this sacrifice is made now, the Company would retrogress at an accelerated pace and suffer even larger losses. On the other hand, by successfully completing such internal reorganization as soon as possible, the temporary losses that we may have to take in the meantime will represent a price worth paying in order to establish the foundation for a future healthy and profitable operation.

We wish to advise our stockholders that the Company has succeeded in coming to an agreement with the United Rubber, Cork, Linoleum and Plastics Workers of America regarding pensions, and a mutually satisfactory funding arrangement has been reached. The estimated cost of this funding has been indicated in the Proxy Statement dated January 19, 1962 and the amount applicable for the 1962 fiscal year is not substantially different from those figures.

It should also be of interest to our stockholders to know that over 30% of the Company's Capital Stock is now owned by a small group headed by the present Chairman of the Board.

We regret that due to the present conditions we cannot, for the time being, resume payment of dividends, but it is our hope to do so as soon as the Company has again been put on a sound and profitable basis.

Although the task ahead is a difficult one, management is fully confident that it can be accomplished, particularly in view of the Company's satisfactory financial condition and the strengthening of the top management group with executives of proven ability.

We shall, however, need, and we hope to have, the full cooperation of all our stockholders, employees and customers during the difficult period ahead and we wish to take this opportunity to express our appreciation for their support.

We especially wish to thank our faithful group of employees for their efforts in helping us accomplish the constructive program upon which we have embarked.

By order of the Board of Directors

Chairman of the Board

President

PEAT, MARWICK, MITCHELL & CO.
Certified Public Accountants
1500 Walnut Street
Philadelphia 2, Pa.

ACCOUNTANTS' REPORT

The Board of Directors
LEE RUBBER & TIRE CORPORATION:

We have examined the balance sheet of the Lee Rubber & Tire Corporation as of October 31, 1962 and the related statement of earnings for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the accompanying balance sheet and statement of earnings present fairly the financial position of Lee Rubber & Tire Corporation at October 31, 1962 and the results of its operations for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Peat, Marwick, Mitchell & Co.

Philadelphia, Pa.
December 21, 1962

LEE RUBBER & TIRE CORPORATION

Balance Sheet OCTOBER 31, 1962

(with comparative figures as of October 31, 1961)

ASSETS

	1962	1961
CURRENT ASSETS:		
Cash	$ 1,233,913	2,105,110
Bank certificates of deposit and U. S. Government securities at cost and accrued interest	2,019,800	1,791,393
Receivables (less provision for losses: 1962—$448,505; 1961—$397,511)	7,972,324	7,386,931
Claim for refund of Federal income taxes applicable to carry-back of 1962 operating loss	818,000	—
Inventories (at lower of cost or market; as to finished tires and tubes cost is computed on "last-in, first-out" method):		
Finished goods	5,010,584	6,145,418
Work in process	1,215,851	1,455,175
Raw materials	1,723,678	1,972,157
Supplies	359,252	482,443
	8,309,365	10,055,193
Prepaid expenses	353,061	452,947
Total current assets	20,706,463	21,791,574
LONG-TERM NOTES RECEIVABLE	88,411	74,684
PROPERTY, PLANT AND EQUIPMENT, at cost	20,703,174	19,801,923
Less accumulated depreciation and amortization	11,691,602	11,081,664
	9,011,572	8,720,259
	$29,806,446	30,586,517

See accompanying n

LIABILITIES AND STOCKHOLDERS' EQUITY

	1962	1961
CURRENT LIABILITIES:		
Accounts and acceptances payable	$ 2,098,753	2,524,485
Accrued expenses	1,385,270	868,639
Provision for anticipated losses on commitments and curtailment of certain operations, estimated (note 1)	172,000	—
Federal income taxes, estimated	—	120,418
Total current liabilities	3,656,023	3,513,542
PROVISION FOR:		
Workmen's compensation self-insurance	81,058	107,467
Pensions and other insurance (note 2)	716,194	695,555
Deferred Federal income taxes on excess of tax depreciation over book depreciation	958,200	784,400
	1,755,452	1,587,422
STOCKHOLDERS' EQUITY:		
Capital stock — $5 par value		
Authorized 975,000 shares (note 3)		
Issued: 1962 — 948,965 shares; 1961 — 947,865 shares	4,744,825	4,739,325
Capital in excess of par value of capital stock (note 4)	6,463,435	6,451,921
Earnings retained for use in the business	14,499,513	15,528,521
	25,707,773	26,719,767
Less reacquired capital stock, at cost:		
1962 — 114,065 shares; 1961 — 109,065 shares	1,312,802	1,234,214
Total stockholders' equity	24,394,971	25,485,553
	$29,806,446	30,586,517

inancial statements.

LEE RUBBER & TIRE CORPORATION

Statement of Earnings

Year ended October 31, 1962
(with comparative figures for 1961)

CURRENT EARNINGS

	1962	1961
INCOME:		
Net sales	$45,592,010	44,683,337
Other income	86,466	67,052
	45,678,476	44,750,389
COSTS AND EXPENSES:		
Costs of goods sold, including in 1962 non-recurring charges aggregating $955,700	36,506,392	34,347,967
Selling, administrative and general expenses	9,543,629	9,366,201
Depreciation	884,401	832,723
Other charges	19,851	1,245
	46,954,273	44,548,136
Earnings (loss) before Federal income taxes	(1,275,797)	202,253
ESTIMATED FEDERAL INCOME TAXES:		
Claim for refund applicable to carry-back of 1962 operating loss, less provision for deferred income taxes (note 5)	(607,500)	—
1961 provision	—	173,000
Net earnings (loss)	(668,297)	29,253
SPECIAL (CHARGE) CREDIT:		
Provision for anticipated losses on commitments and curtailment of certain operations, after related income tax benefit (note 1)	(172,000)	—
Reversal in 1961 of tire plant workmen's compensation reserve no longer required	—	250,000
Net earnings (loss) and special items	$ (840,297)	279,253

EARNINGS RETAINED FOR USE IN THE BUSINESS

BALANCE at beginning of year	$15,528,521	15,754,097
Net earnings (loss) and special items for the year	(840,297)	279,253
	14,688,224	16,033,350
Deduct cash dividends — per share: 1962, $.22½; 1961, $.60	188,711	504,829
BALANCE at end of year	$14,499,513	15,528,521

See accompanying notes to financial statements.

LEE RUBBER & TIRE CORPORATION

Notes to Financial Statements — OCTOBER 31, 1962

(1) *Provision for Anticipated Losses on Commitments, etc.:*

The company is curtailing certain operations. The anticipated losses and expenses in connection therewith, together with losses applicable to certain commitments are estimated to be $172,000, after related tax benefits.

(2) *Non-Contributory Pension Plan:*

Contracts with labor unions, to be effective July 1, 1961, provide for the initial funding on an actuarial basis of pension benefits of eligible employees including those retired. Current earnings were charged with $476,000 which amount exceeded 1961 charges by about $310,000. The amount of $610,000 (net of tax benefits) accumulated in prior years to provide for pensions of retired employees, now covered by the trusteed plan, will be reduced as related pension payments are made. The total unfunded past service liability as of November 1, 1961 was estimated to be $6,984,000 of which $5,630,000 was for active employees and $1,354,000 was for retired employees, based upon the report of an independent actuary.

(3) *Stock Option Plan:*

Under an employees' stock option plan approved by stockholders in 1953, there were outstanding at the beginning of the year options granted to employees to purchase 22,973 shares of capital stock. During the year options for 1,100 shares were exercised and options for 3,811 shares expired or were cancelled. At the close of the year, options for the 18,062 shares were outstanding. There were 4,162 shares at the beginning of the year and 7,973 shares at the close of the year available for the granting of options under the plan. The option prices of the shares are equal to 95% of the market price of the shares on the dates granted.

(4) *Capital in Excess of Par Value of Capital Stock:*

The increase of $11,514 in capital in excess of par value of capital stock represents the excess of proceeds over the par value of 1,100 shares sold through exercise of options.

(5) *Federal Income Taxes:*

The company intends to employ the new depreciation guidelines and rules recently issued by the U. S. Treasury Department when filing 1962 income tax returns. No change has been made in depreciation rates for financial reporting purposes. The additional guideline depreciation to be deducted for tax purposes, amounting to $298,000, increased the claim for tax refund by approximately $155,000. The latter amount is included in deferred Federal income taxes which will be applied to reduce the provision for income taxes in future years when book depreciation exceeds that allowable for tax purposes.

As the company had no liability for Federal income taxes for 1962 it could not apply the investment credit relating to 1962 capital additions as allowed under the Revenue Act of 1962. However, the credit, amounting to approximately $60,000, may be carried forward to reduce future income taxes.

SSA

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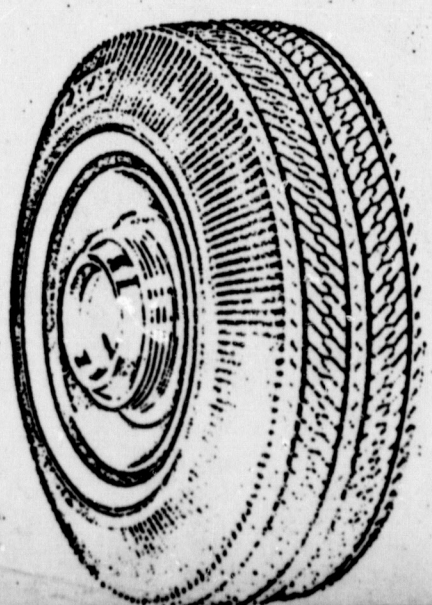
LEE RUBBER & TIRE CORPORATION

Annual Report

FOR THE YEAR ENDED OCTOBER 31, 1963



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Board of Directors

MAURICE M. CLAIRMONT, *Chairman*
HERMAN P. EDELMAN
JOHN D. GARRETT
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CYRUS C. HOFFMAN
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Officers

MAURICE M. CLAIRMONT	*Chairman*
ALBERT A. GARTHWAITE, JR.	*President*
WILLARD L. HEINRICH	*Executive Vice President and Treasurer and Assistant Secretary*
EDWARD BARKETT	*Vice President*
JOHN D. GARRETT	*Vice President*
ANSON G. P. SEGUR	*Vice President*
HARRY L. SCHICK	*Secretary*
CARL F. LANDGRAF	*Controller*

TRANSFER AGENT

Morgan Guaranty Trust Company of New York
Stock Transfer Department
30 West Broadway, New York 15, N. Y.

REGISTRAR

Bankers Trust Company, New York, N. Y.

EXECUTIVE AND OPERATING OFFICES

Main Office, Conshohocken, Pennsylvania
New York City Office, 635 Madison Avenue,
New York, N. Y.

Report to Stockholders

The fiscal year ended October 31, 1963 has been a difficult one for our Company and its management, a year in which complex problems had to be solved and important decisions made, affecting the future of the Company and your investment in it. However, comparing the Company's present position with that of a year ago, we feel that much progress has been achieved through the changes that have since taken place. The results for the year show a loss of $1,079,736 but we believe that this was a modest price indeed for substantially changing a fast deteriorating situation into a much sounder one and materially reducing its great risks and burdensome commitments. In addition, a substantial part of the Company's assets have been secured by their conversion into liquid funds enabling the Company to plan for a more promising future through their better utilization on a safer and more profitable basis.

In our past reports to you we have dealt in detail with the main factors responsible for the poor performance of both our Divisions and for the downtrend which had manifested itself in the last few years. However, at this time we believe it appropriate to review in summarized form the problems which confronted the Company.

The present management which assumed charge a little over a year ago found itself confronted with a business beset by major urgent problems and threatened by accelerating erosion and losses. It immediately undertook an extensive analysis of the Company's operations and business practices to pin-point the reasons for its retrogression and thus be able to deal with them. The results showed the accumulated damage to be greater and deeper than appeared on the surface. It became evident that to reverse the increasingly adverse trend, more drastic measures and more fundamental changes than we had visualized, would be urgently required in almost every phase of the Company's business. We, therefore, proceeded to eliminate systematically the sources of the ills plaguing the Company and to change some of the practices which were contributing to the Company's poor performance.

1. We established levels of production related to the volume of sales that could be expected in accordance with sound selling practices and ceased building up and maintaining unwieldy tire and tube inventories, out of proportion with the Company's normal distribution capacity, only to keep the factory in full operation.

2. Stricter credit policies and controls were applied, and an active drive was instituted for collection of receivables due from delinquent accounts.

3. Heavily losing branches which had no chance of being converted into profitable operations were closed and we succeeded in subletting at insignificant losses all but one of the premises occupied by these branches, some under fairly long leases.

4. Certain consignment accounts, sales arrangements and policies which have been sources of continuous losses were eliminated and unprofitable activities and product lines were discontinued.

5. A systematic drive was started to reduce the high general overhead and operating costs and all expenses not essential for the functioning of our business were eliminated. Although we knew that some of the economy measures we were forced to take would be unpopular, we had no choice but to apply them.

These and many other measures taken by management proved helpful and constructive, but we knew that they would be insufficient unless two other crucial problems could be solved, for which management needed the full cooperation of our labor unions. The first of these problems was our high production cost and the second, directly dependent on the first, was the lack of adequate distribution in the Tire Division.

One of the management's first objectives was to find out how our production and labor costs compared with those of our competitors. Although such figures were not easily available, we eventually succeeded in getting a fairly accurate idea of our competitors' production and labor costs. It was only then that we discovered how uncompetitive we were, due primarily to our much higher labor cost in relation to productivity and efficiency.

In our Tire Division, the lack of sufficient distribution to maintain production at reasonable satisfactory levels resulted in creating an unduly high general fixed overhead, in addition to the high labor cost. The Company had not developed at the opportune time sufficient desirable outlets for its tire production capacity, relying primarily on one large customer and on its own branches, acting, for all practical purposes, as wholesale distributors to small tire retailers. This large customer, who only about 6 years ago accounted for approximately one-

third of our tire plant production, curtailed and eventually withdrew his business from us; at the same time, the distribution through our own branches was substantially affected by the advent of the mass merchandising of tires by department stores, discount houses, large chains, etc. retailing their own private brands. These large tire customers were demanding and getting low prices for their private brand tires, which our Company, with its high production costs, could not have met without losing money on such sales.

It became evident that in spite of all improvements and constructive changes we have undertaken, our Company could not survive and again become profitable unless we became competitive, in order to be able to maintain our existing sales and develop badly needed additional distribution. Obviously, it would have been useless to start a strong drive for such additional sales to desirable accounts, under the highly competitive conditions prevailing in the tire industry, without first making sure that our production costs could be brought in line with those of our competitors. We were satisfied that our tire plant (on which the Company had spent over $5 million on modernization over the last 6 years) was adequate to make us competitive if our labor force would understand the Company's position and be willing to do its share to achieve this goal.

We explained our predicament and the crisis we were facing to the union representatives, asking for their support and cooperation, which were essential to assure the Company's future in the industry. Unfortunately, notwithstanding all the facts and figures we submitted, the union was unresponsive to all our arguments and accordingly, subsequent to the expiration of the union contracts in both Divisions on June 30, 1963 and the fruitless negotiations that took place before and after that date, we were struck at both our plants. The strike at the Youngstown plant was settled as a result of the recent sale of the Republic Rubber Division, but the strike at our Conshohocken plant is still continuing.

The operation of our remaining 23 branches, now conducted through our wholly owned subsidiary, Lee Tire Centers, Inc., had been severely affected following the strike by our inability to supply them with Lee tires. This created a serious situation since these branches represent our only remaining outlet for tire distribution. We have, however, been successful in having Lee brand tires produced for us by another manufacturer; initial shipments from this source of supply started in late October and are presently continuing on a regular basis. We intend to pay particular attention and make every effort to revitalize and strengthen the operations of these branches, which, we think, now have a real opportunity to improve their performance. In this connection, two new passenger tire lines have been developed and are expected to be introduced to the trade in the Spring of 1964. Our selling and pricing policies are also being reviewed to attract larger and better customers.

We are maintaining a reduced production organization at our Conshohocken plant which should be capable of resuming its operations when the problems referred to above can be solved. The cost of maintaining such organization, the high carrying charges of the shut-down plant and the substantial payment the Company has to make under the Welfare Agreement still in force with the union, will continue to be a drain and penalize the results for the 1964 fiscal year. We are constantly trying to reduce these costs to the maximum extent possible consistent with proper corporate functioning and preservation of our assets.

We are happy to report that the sale of the Republic Rubber Division was completed and the closing took place, as planned, on December 20, 1963, as a result of which the Company received $3,045,001 in cash and $1,725,000 in short term, interest bearing notes due September 19, 1964. We expect to receive the additional amount to complete the total price in the latter part of January 1964, following the final computation of the inventories sold. The effect of the sale of the assets of the Republic Division and the amounts received therefor are not reflected in the enclosed financial statements as of October 31, 1963, and will be reflected in the report for our first 1964 fiscal quarter.

We have temporarily invested the funds received and plan to invest those still to be received from this sale in short term Certificates of Deposit; even on this basis, these funds will provide a greater annual return than they have produced in recent years as an investment in the Republic Division. As shown by the figures reported in our proxy statement of November 25, 1963, the investment in that Division had yielded over the last 3 years and 9 months an average annual income of about $22,000, or less than ⅓% on our average investment of about $7 million in the Republic Division. Not only have we converted into cash an undesirable investment, but we have been able through this transaction to eliminate the substantial annual payments, which would have been due under the pension plan for the Republic Division, while such plan was in effect.

As can be seen from the accompanying Balance Sheet, our financial situation is strong; cash and equivalent alone amounted to $12,321,279 compared with $3,253,713 a year ago and liabilities and provisions for same (except certain contingent liabilities and anticipated losses not reflected in the enclosed Balance Sheet and covered by note 9 to the financial statements submitted herein)

amounted to $3,674,311 compared with $5,411,475 a year ago. Thus, Company assets, the values of which were threatened by dissipation through continuing substantial losses, have now been largely converted, at not too great a financial sacrifice, into liquid funds; these funds will ultimately be shifted from loss generating activities in which they were formerly employed to what we expect to be profitable purposes.

Contrary to false rumors circulated in the last year regarding the future of the Company, there has not been and there is not now any intention to liquidate the Company or any of its operations where the opportunity exists to make them profitable. The shrinkage of our business should be regarded as a constructive move to relieve the Company of its excessive dependence on highly competitive products where there is no ultimate chance of survival unless one can become as competitive as the other members of the industry.

We shall devote careful thought to develop long range planning for the permanent investment of the Company's available liquid funds and we are confident to find eventually the opportunities for their profitable utilization.

We wish to thank our stockholders for their patience and the whole-hearted support they have given us and also want to express our thanks and appreciation to our loyal employees who have helped us in the difficult and unpleasant tasks that had to be performed in the past year.

By order of the Board of Directors

Chairman of the Board

President

PEAT, MARWICK, MITCHELL & CO.

Certified Public Accountants

1500 Walnut Street

Philadelphia, Pa. 19102

ACCOUNTANTS' REPORT

The Board of Directors

LEE RUBBER & TIRE CORPORATION:

We have examined the consolidated balance sheet of Lee Rubber & Tire Corporation and subsidiary as of October 31, 1963 and the related statement of earnings for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the accompanying consolidated balance sheet and statement of consolidated earnings present fairly the financial position of Lee Rubber & Tire Corporation and subsidiary at October 31, 1963 and the results of their operations for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year, except for the change in method of providing for product guarantee adjustments as described in note 4 to the financial statements.

Peat, Marwick, Mitchell & Co.

Philadelphia, Pa.
December 18, 1963

LEE RUBBER & TIRE CORPORATION AND SUBSIDIARY

Consolidated Balance Sheet OCTOBER 31, 1963

(with comparative figures as of October 31, 1962)

ASSETS

	1963	1962
CURRENT ASSETS:		
Cash	$ 1,676,093	1,233,913
Bank certificates of deposit at cost and accrued interest	10,645,186	2,019,800
Receivables (less provision for losses: 1963 — $663,945; 1962 — $448,505)	1,730,712	7,972,324
Claim for refund of Federal income taxes applicable to carry-back of operating losses	270,602	818,000
Inventories (at lower of cost or market; as to certain finished tires and tubes cost is computed on "last-in, first-out" method) (note 1):		
Finished goods	1,773,415	5,010,584
Work in process	498,649	1,215,851
Raw materials	522,316	1,723,678
Supplies	182,148	359,252
	2,976,528	8,309,365
Prepaid expenses	165,805	353,061
Total current assets	17,464,926	20,706,463
LONG-TERM NOTES RECEIVABLE	42,669	88,411
PROPERTY, PLANT AND EQUIPMENT, at cost (note 1)	20,231,928	20,703,174
Less accumulated depreciation and amortization	11,763,375	11,691,602
	8,468,553	9,011,572
	$25,976,148	29,806,446

See accompanying note

LIABILITIES AND STOCKHOLDERS' EQUITY

	1963	1962
CURRENT LIABILITIES:		
Accounts and acceptances payable	$ 710,702	2,098,753
Accrued expenses	575,478	1,385,270
Provision for product guarantee adjustments (note 4)	234,700	—
Provision for anticipated losses on commitments and curtailment of certain operations, estimated	235,000	172,000
Total current liabilities	1,755,880	3,656,023
PROVISION FOR:		
Workmen's compensation self-insurance	65,803	81,058
Pensions and other insurance (note 5)	621,428	716,194
Deferred Federal income taxes on excess of tax depreciation over book depreciation (note 8)	1,231,200	958,200
	1,918,431	1,755,452
CONTINGENT LIABILITIES, etc. (note 9)		
STOCKHOLDERS' EQUITY:		
Capital stock — $5 par value		
Authorized 975,000 shares (note 6)		
Issued: 1963 — 949,865 shares; 1962 — 948,965 shares	4,749,325	4,744,825
Capital in excess of par value of capital stock (note 7)	6,472,363	6,463,435
Earnings retained for use in the business	13,269,777	14,499,513
	24,491,465	25,707,773
Less reacquired capital stock, at cost (note 6):		
1963 — 164,165 shares; 1962 — 114,065 shares	2,189,628	1,312,802
Total stockholders' equity	22,301,837	24,394,971
	$25,976,148	29,806,446

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LEE RUBBER & TIRE CORPORATION AND SUBSIDIARY

Statement of Consolidated Earnings

Year Ended October 31, 1963

(with comparative figures for 1962)

CURRENT EARNINGS

	1963	1962
INCOME:		
Net sales (note 2)	$25,813,215	45,592,010
Interest and other income	242,537	86,466
	26,055,752	45,678,476
COSTS AND EXPENSES:		
Cost of goods sold, including in 1962 non-recurring charges aggregating $955,700	21,720,705	36,506,392
Selling, administrative and general expenses	6,013,196	9,543,629
Depreciation	962,789	884,401
Other charges	1,034	19,851
	28,697,724	46,954,273
Loss before extraordinary items	2,641,972	1,275,797
EXTRAORDINARY CHARGE (CREDIT):		
Credit resulting from involuntary liquidation of Lifo inventories (note 2)	(1,626,234)	—
Provision for anticipated losses on commitments and curtailment of certain operations less, in 1962, related income tax benefit	211,600	172,000
Loss before recoverable Federal income taxes	1,227,338	1,447,797
Claim for refund of Federal income taxes applicable to carry-back of operating losses, less provision for deferred income taxes	147,602	607,500
Loss for the year	$ 1,079,736	840,297

EARNINGS RETAINED FOR USE IN THE BUSINESS

BALANCE at beginning of year	$14,499,513	15,528,521
Deduct:		
Loss for the year	1,079,736	840,297
Additional provision for deferred income taxes (note 8)	150,000	—
Cash dividends ($.22½ per share in 1962)	—	188,711
	1,229,736	1,029,008
BALANCE at end of year	$13,269,777	14,499,513

See accompanying notes to financial statements.

LEE RUBBER & TIRE CORPORATION AND SUBSIDIARY

Notes to Financial Statements — OCTOBER 31, 1963

(1) *Sale of Assets of Republic Rubber Division:*

As of October 31, 1963 the company entered into an agreement, subject to stockholders' approval, to sell the principal assets and business of the Republic Rubber Division to Aeroquip Corporation. Included in the balance sheet at October 31, 1963 are: (a) plant and equipment items amounting to approximately $3,480,000 that would be sold for a fixed price of approximately $3,450,000, and (b) inventories, prepayments and miscellaneous items amounting to $1,870,000 (to be sold subject to final determination as of the closing date on December 20, 1963). The proposed sale will not result in any significant gain or loss on the books. The selling price, as finally determined, will be payable in cash and short-term notes. Net sales of Republic Rubber Division for the year ended October 31, 1963 amounted to approximately $11,011,000 and earnings before income taxes amounted to approximately $141,000.

(2) *Effect of Strikes on Operations:*

As a result of strikes at the company's plants at Conshohocken and Youngstown on July 16 and August 6, 1963, respectively, sales and earnings were adversely affected. The continuation of the strike at the tire plant effected an involuntary liquidation in the inventory of tires manufactured which resulted in a credit to earnings of approximately $1,626,000. The strike at Conshohocken continues, although arrangements have been made to purchase tires from another manufacturer with initial shipments commencing the latter part of October. The plant in Youngstown resumed operations in November 1963.

(3) *Principles of Consolidation:*

The financial statements include the accounts, after elimination of intercompany transactions, of Lee Tire Centers, Inc., a wholly-owned subsidiary incorporated in February 1963 to perform certain sales functions previously carried out by the company.

(4) *Provision for Product Guarantee Adjustments:*

Under a product guarantee arrangement, the company as a result of the temporary stoppage of operations caused by the strike at its tire manufacturing division adopted a policy in 1963 of providing currently for anticipated allowances due to manufacturing defects on tires and tubes previously manufactured and sold. Prior to 1963, such allowances were charged to earnings in the year granted. The provision at October 31, 1963 amounting to approximately $234,000, computed as an average percentage of sales based on past experience, has been deducted from net sales in the earnings statement.

(5) *Pension Plans:*

Certain agreements with labor unions, effective July 1, 1961, as amended, provide for the funding on an actuarial basis of the pension benefits of eligible employees including those retired. Current earnings were charged with $368,000 (of which $209,000 was applicable to the Republic Rubber Division and the balance to the Lee Division). The total unfunded past service costs as of April 1, 1963 were estimated to be $7,264,000 based upon the report of an independent actuary. This amount will be reduced by $3,437,000, applicable to Republic Rubber Division, upon sale of this division as of December 20, 1963. The amount applicable to the Lee Division may be subject to reduction if any of the employees on strike or lay-off are not re-employed. Said unfunded past service costs are contingent and predicated on the continued existence of the above mentioned agreements between the company and the unions.

As a result of its obligation to assume the Employee Welfare Benefit Programs Agreement of the Republic Rubber Division, the proposed buyer of that division will assume and continue the non-contributory pension plan provided thereunder and the assets of the trust fund established under such agreement will continue to be utilized to provide pension benefits for the participants thereof, in accordance with the terms of said agreement. The proposed sale of the Republic Rubber Division will have no effect on the company's salaried employees' pension plan dated as of July 1, 1943 as amended, since such plan has been terminated effective as of February 28, 1963; the assets in the trust fund established thereunder are being allocated to and will be utilized to provide such pension benefits for the eligible participants thereof (including those presently or formerly employed at the Republic Rubber Division) as provided by the terms of the plan.

(6) *Stock Option Plans:*

Under an employees' stock option plan approved by stockholders in 1953, there were outstanding at the beginning of the year options granted to employees to purchase 18,062 shares of capital stock. During the year options for 10,000 shares were granted at $16.86 per share, options for 900 shares were exercised and options for 10,237 shares expired or were cancelled.

On February 21, 1963 the stockholders approved a new restricted stock option plan, limited to 40,000 shares of capital stock held in treasury or to be reacquired. During the year options for 28,000 shares at $16.86 per share were granted to four key executives, and are exercisable after being held two years and expire seven years after the year granted.

At the close of the year, options for 44,925 shares were outstanding. There were 7,973 shares at the beginning of the year and 20,210 shares at the close of the year available for the granting of options under the plans. The option prices of the shares are equal to 95% of the market price of the shares on the dates granted.

...UBBER & TIRE CORPORATION AND SUBSIDIARY

...s to ...nancial Statements — OCTOBER 31, 1963

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As a result of its obligation to assume the Employee Welfare Benefit Programs Agreement of the Republic Rubber Division, the proposed buyer of that division will assume and continue the non-contributory pension plan provided thereunder and the assets of the trust fund established under such agreement will continue to be utilized to provide pension benefits for the participants thereof, in accordance with the terms of said agreement. The proposed sale of the Republic Rubber Division will have no effect on the company's salaried employees' pension plan dated as of July 1, 1943 as amended, since such plan has been terminated effective as of February 28, 1963; the assets in the trust fund established thereunder are being allocated to and will be utilized to provide such pension benefits for the eligible participants thereof (including those presently or formerly employed at the Republic Rubber Division) as provided by the terms of the plan.

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(7) *Capital in Excess of Par Value of Capital Stock:*

The increase of $3,023 in capital in excess of par value of capital stock represents the excess of proceeds over the par value of 900 shares sold through exercise of options.

(8) *Federal Income Taxes:*

Federal income tax returns have been examined and settled through the year ended October 31, 1960. A portion of the 1963 operating loss will be utilized to recover approximately $270,000 of prior years' Federal income taxes. At October 31, 1963, the operating loss that may be carried forward to offset any taxable income in the next five years amounted to approximately $280,000.

Federal income taxes charged to earnings reflect the use of straight-line depreciation for accounting purposes. Depreciation for tax purposes is computed substantially under alternative methods and by use of the new guideline lives as permitted by the Internal Revenue Service. The deferred Federal income taxes shown on the balance sheet is the accumulated amount of tax deferrals resulting from the above and will be applied to reduce the provision for any income taxes that may be required in future years when book depreciation exceeds that allowable for tax purposes or when required upon disposition of assets.

At October 31, 1963 an amount of $150,000 was charged to earnings retained for use in the business as an additional provision for deferred Federal income taxes applicable to years when generally accepted accounting principles did not require the deferment of tax benefits derived from the excess of tax depreciation over book depreciation. In 1963 management adopted a policy to provide retroactively for the estimated future income tax that may be applicable as a result of the book basis being in excess of the tax basis of depreciable assets. Such change in accounting policy had no effect on operating results for the year ended October 31, 1963.

As the company had no liability for Federal income taxes for 1962 and 1963 it could not apply the investment credit of approximately $80,000 relating to capital additions in those years. However, the unused credit may be carried forward to reduce future income taxes.

(9) *Contingent Liabilities, Etc.:*

The company may be obligated for various contingent liabilities including, but not limited to, those that may result from the litigation regarding termination of the salaried employees' pension plan, and from the possible assessment of additional Federal income taxes for prior years. In addition, the company will be subject to certain losses resulting from carrying charges of temporarily non-producing assets, primarily the Conshohocken, Pa. plant where a strike still continues. According to management's best estimate the aggregate amount necessary to provide for said contingencies and losses may approximate $1,800,000 without giving effect to any income tax benefit.

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LEE NATIONAL CORPORATION

Annual Report

FOR THE YEAR ENDED OCTOBER 31, 1964

Board of Directors

MAURICE M. CLAIRMONT, *Chairman*
HERMAN P. EDELMAN
JOHN D. GARRETT
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EDWARD J. SCHEIDER
HARRY L. SCHICK
ROBERT D. SPILLE

Officers

MAURICE M. CLAIRMONT	*Chairman and President*
WILLARD L. HEINRICH	*Executive Vice President and Treasurer and Assistant Secretary*
JOHN D. GARRETT	*Vice President*
HARRY L. SCHICK	*Secretary*
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TRANSFER AGENT

Morgan Guaranty Trust Company of New York
Stock Transfer Department
30 West Broadway, New York 15, N. Y.

REGISTRAR

Bankers Trust Company, New York, N. Y.

EXECUTIVE AND OPERATING OFFICES

Main Office, Conshohocken, Pennsylvania
New York City Office, 635 Madison Avenue,
New York, N. Y.

Report to Shareholders

As can be seen from the accompanying financial statements, the Company's operations for the fiscal year 1964 resulted in a net loss of $236,516. However, the actual loss from operations was $1,225,610, which was offset largely by various non-recurring credits (elimination of the pension reserve following termination of the Welfare Agreement with the Union on September 8, 1964, involuntary liquidation of our LIFO inventories, etc.) and by gains realized on the disposal of various assets. A substantial portion of the operating loss is attributable to the carrying charges of the idle Conshohocken plant.

After fruitless efforts over a period of about seventeen months to settle the labor dispute at the Conshohocken plant on a basis that would give us some hope of changing it into a competitive operation, the management and the Board of Directors decided at its November 30, 1964 meeting that it would be in the Company's best interests to discontinue permanently all manufacturing operations at the Conshohocken, Pennsylvania plant and, accordingly, withdraw from tire manufacturing operations. This decision was put into effect following its review with the Union.

However, the Company is continuing its activities of marketing and distributing Lee tires, which are manufactured for its account by other tire manufacturers. After having weeded out most of our unprofitable branches which had no chance of being restored to profitability, we have at present a total of 13 branches which traditionally have been generating higher volume and better results than the others. We are now buying our tires at substantially lower prices than the cost at which such tires were produced at the Conshohocken plant in 1962, at a time when the plant was operating at full capacity.

During the past year management has further reduced and settled many commitments on matters relating to past activities. Although much of this has already been accomplished, there still are a number of such matters which are a source of losses and financial exposure for the Company, and which your management is trying continuously to gradually solve and eliminate.

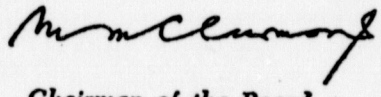
The future of the Company rests primarily on our program of seeking to invest our funds in profitable businesses or acquire them through such means that may be available in order to establish our Company in new and profitable fields of activity. We have reviewed a number of propositions and are continuing to search for a suitable one, measuring up to the standards we have set for ourselves in connection with such program. We are proceeding with great care in the investigation of various possible acquisitions or long-range investments, and are considering only those with good profit potential, sound prospects for the future, and which at the same time can be acquired on a

reasonable basis, without undue risk and exposure. We are at the present time seriously discussing a few promising propositions but are not yet in a position to predict the outcome of these negotiations. We are confident, however, that during the coming year we shall be able to report to our shareholders some positive action in this direction.

Once we are able to eliminate the losses created by the carrying charges of the Conshohocken plant and provide earnings from sound profitable operations that we intend to acquire, there should be a very definite change for the better, signalling the beginning of a new era of profits and success for your Company.

I wish to take this opportunity to thank all our loyal employees who have stood by and helped us in the difficult task that we had to accomplish during the last two years, as well as our shareholders whose patience, we hope, will be rewarded once the results of the constructive program which we are endeavoring to accomplish begin to materialize.

By order of the Board of Directors



Chairman of the Board

PEAT, MARWICK, MITCHELL & CO.
Certified Public Accountants
1500 Walnut Street
Philadelphia, Pa. 19102

ACCOUNTANTS' REPORT

The Board of Directors
LEE NATIONAL CORPORATION:

We have examined the consolidated balance sheet of Lee National Corporation (formerly Lee Rubber & Tire Corporation) and subsidiaries as of October 31, 1964 and the related statement of earnings for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, subject to the effect, if any, of the outcome of matters referred to in note 7 to the financial statements, the accompanying consolidated balance sheet and statement of consolidated earnings present fairly the financial position of Lee National Corporation and subsidiaries at October 31, 1964 and the results of their operations for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Peat, Marwick, Mitchell & Co.

Philadelphia, Pa.
December 11, 1964

LEE NATIONAL CORPORATION AND SUBSIDIARIES

(formerly Lee Rubber and Tire Corporation)

Consolidated Balance Sheet OCTOBER 31, 1964

(with comparative figures as of October 31, 1963)

ASSETS

	1964	1963
CURRENT ASSETS:		
Cash	$ 923,072	1,676,093
Bank certificates of deposit at cost and accrued interest	17,108,213	10,645,186
Marketable securities at cost approximating market	94,938	—
Receivables (less provision for losses and discounts: 1964—$114,142; 1963—$663,945)	1,008,422	1,773,381
Claim for refund in 1963 of Federal income taxes applicable to carry-back of operating losses	—	270,602
Inventories, at lower of average cost or market (note 2):		
Finished goods	912,509	1,773,415
Work in process	—	498,649
Raw materials	—	522,316
Supplies	6,942	182,148
	919,451	2,976,528
Prepaid expenses	69,249	165,805
Total current assets	20,123,345	17,507,595
PROPERTY, PLANT AND EQUIPMENT, at cost (notes 2 and 7)	10,742,548	20,231,928
Less accumulated depreciation and amortization	6,403,829	11,763,375
	4,338,719	8,468,553
	$24,462,064	25,976,148

See accompanying not

LIABILITIES AND STOCKHOLDERS' EQUITY

	1964	1963
CURRENT LIABILITIES:		
Accounts payable	$ 503,525	710,702
Accrued expenses	291,348	575,478
Federal income taxes, estimated (note 6)	50,000	—
Provision for product guarantee adjustments	234,376	234,700
Provision for anticipated losses on commitments and curtailment of certain operations, estimated	220,015	235,000
Total current liabilities	1,299,264	1,755,880
PROVISION FOR:		
Workmen's compensation self-insurance	194,901	65,803
Pensions and other insurance (note 4)	57,357	621,428
Deferred Federal income taxes and possible assessments (note 6)	1,031,200	1,231,200
	1,283,458	1,918,431
CONTINGENT LIABILITIES, etc. (note 7)		
STOCKHOLDERS' EQUITY:		
Capital stock — $5 par value Authorized 975,000 shares (note 5) Issued: 1964 — 952,915 shares; 1963 — 949,865 shares	4,764,575	4,749,325
Capital in excess of par value of capital stock (note 5)	6,512,007	6,472,363
Earnings retained for use in the business	13,183,261	13,269,777
	24,459,843	24,491,465
Less reacquired capital stock, at cost (note 5): 1964 — 183,850 shares; 1963 — 164 165 shares	2,580,501	2,189,628
Total stockholders' equity	21,879,342	22,301,837
	$24,462,064	25,976,148

ial statements.

LEE NATIONAL CORPORATION AND SUBSIDIARIES
(formerly Lee Rubber and Tire Corporation)

Statement of Consolidated Earnings

Year Ended October 31, 1964
(with comparative figures for 1963)

CURRENT EARNINGS

	1964	1963
INCOME:		
Net sales (note 2)	$ 7,071,755	25,813,215
Other income, principally interest	741,340	242,537
	7,813,095	26,055,752
COSTS AND EXPENSES:		
Cost of goods sold	5,271,250	21,720,705
Selling, administrative and general expenses	2,683,294	6,013,196
Depreciation	675,698	962,789
Idle plant, excluding depreciation on same of $465,000 (note 3)	373,205	—
Other charges	35,258	1,034
	9,038,705	28,697,724
Loss before extraordinary items	1,225,610	2,641,972
EXTRAORDINARY CHARGE (CREDITS):		
Provision against past service costs no longer required (note 4)	(569,496)	—
Credit resulting from involuntary liquidation of Lifo inventories (note 3)	(265,822)	(1,626,234)
Net gain on sale of certain assets, including Republic Rubber Division (note 2)	(216,251)	—
Provision for anticipated losses on commitments and curtailment of certain operations	62,475	211,600
Loss before recoverable Federal income taxes	236,516	1,227,338
Claim for refund in 1963 of Federal income taxes applicable to carryback of operating losses, less provision for deferred income taxes (note 6)	—	147,602
Loss for the year	$ 236,516	1,079,736

EARNINGS RETAINED FOR USE IN THE BUSINESS

BALANCE at beginning of year	$13,269,777	14,499,513
Deduct loss for the year	236,516	1,079,736
	13,033,261	13,419,777
Add (deduct) adjustment of provision for deferred Federal income taxes (note 6)	150,000	(150,000)
BALANCE at end of year	$13,183,261	13,269,777

See accompanying notes to financial statements.

LEE NATIONAL CORPORATION AND SUBSIDIARIES

(formerly Lee Rubber and Tire Corporation)

Notes to Financial Statements — OCTOBER 31, 1964

(1) *Principles of Consolidation:*

The financial statements include the accounts, after elimination of intercompany balances and transactions, of the parent company and its two wholly-owned subsidiaries, Lee Tire Centers, Inc. and Alliston Corporation.

(2) *Sale of Assets of Republic Rubber Division:*

As of December 20, 1963, the principal assets and business of the Republic Rubber Division were sold to Aeroquip Corporation at a net gain of approximately $20,000 after application of related expenses. The assets included inventories of approximately $2,061,000 and plant and equipment of approximately $3,438,000, net of depreciation. Net sales of Republic Rubber Division for the year ended October 31, 1963, and for the period November 1, 1963 to December 20, 1963 amounted to approximately $11,000,000 and $1,250,000, respectively.

(3) *Effect of Strike on Operations:*

As a result of a strike at the company's Conshohocken plant since July 16, 1963, there was a further involuntary liquidation during the year of the inventory of Lee manufactured tires that were valued on the last-in, first-out method which resulted in a credit to earnings of approximately $265,000. The company will continue to be burdened with the carrying charges of the idle Conshohocken plant until such time that such plant is ultimately disposed of (see note 7).

(4) *Pension Plans:*

The agreement between the company and the labor union which among other benefits provided also for the funding of pension benefits for eligible employees, including those retired, of the Conshohocken plant was terminated on September 8, 1964. As a result of the termination, according to the provisions of said agreement, there is no obligation on the part of the company to make any further contributions to the pension trust fund (see note 7). A contribution of approximately $105,000 was made to the fund during the year and charged to current earnings. An additional contribution of approximately $170,000 was made to another pension trust fund applicable to employees of the former Republic Rubber Division. Such trust fund and related pension obligations were assumed and continued by the buyer of that division.

The provision against past service costs amounting to $569,000, which was being amortized over a thirty-year period to partially offset payments to the trust fund, has been eliminated as a result of the termination of the union agreement and is shown as an extraordinary credit in the earnings statement.

(5) *Stock Option Plans:*

Under employees' stock option plans approved by stockholders in 1953 and 1963, there were outstanding at the beginning of the year options granted to employees to purchase 44,925 shares of capital stock. During the year, options for 3,050 shares were exercised and options for 5,900 shares expired or were cancelled.

At the close of the year, there were options outstanding to purchase 35,000 treasury shares and 975 unissued shares. There were 20,210 shares at the beginning of the year and 12,000 shares at the close of the year available for the granting of options under the plans. As the 1953 plan provides that options may not be granted after December 31, 1963, the 14;110 shares under that plan not under option as of that date are no longer available for granting. The option prices of the shares are equal to 95% of the market price of the shares on the dates granted. The excess, $39,644, of proceeds over the par value of shares sold through exercise of options was added to capital in excess of par value of capital stock.

(6) *Federal Income Taxes:*

Federal income taxes have been examined and settled through the year ended October 31, 1960. The Federal income tax liability of $50,000 for the year 1964 resulted primarily from the taxable gain on the sale of the Republic Rubber Division's plant and equipment and this amount was charged to the provision for deferred income taxes. At October 31, 1964, there was an unused investment credit of approximately $39,000.

Depreciation charged to earnings reflects the use of straight-line depreciation. Depreciation for tax purposes is computed substantially under alternative methods and by use of the new guideline lives as permitted by the Internal Revenue Service. The provision for deferred Federal income taxes represents the accumulated amount of tax deferrals resulting from the above and will be applied to reduce the provision for any income taxes that may be required in future years when book depreciation exceeds that allowable for tax purposes or when required upon disposition of assets. The provision also includes an allowance for possible assessment in connection with prior years' income taxes.

In 1963 an amount of $150,000 was charged to earnings retained for use in the business to provide retroactively for the estimated future income tax that may be applicable as a result of the book basis being in excess of the tax basis of depreciable assets. Because the taxable gain resulting from the sale of the Republic Division plant and equipment was substantially offset by the current year's operating loss on a tax basis, the additional amount provided in 1963 is no

longer required and accordingly was restored to earnings retained for use in the business.

(7) *Contingent Liabilities, Carrying Value of Plant and Equipment, Etc.:*

In addition to the liabilities reflected in the financial statements, the company may be obligated for various contingent liabilities, including, but not limited to, those that may result from the litigation regarding termination of the Salaried Employees' Pension Plan and from the litigation regarding payment of group insurance benefits to striking employees. Local 227 of the United Rubber, Cork, Linoleum & Plastic Workers of America has asserted during labor negotiations on behalf of its members certain claims for alleged benefits which the union asserts would be due to the employees under certain provisions of the Agreement for Pension, Service Award and Insurance Benefits, dated as of June 30, 1961, as amended, between the company and the union, which expired on September 8, 1964. The company denies the validity of all of the foregoing contingent liabilities and claims and it is impossible to estimate the amount of such contingent liabilities and claims to which the company is exposed; however, the amount could be quite substantial.

In addition, the company will be subject to certain losses resulting from the carrying charges of its non-producing assets, primarily the Conshohocken, Pennsylvania plant which is idle at present.

The plant and equipment carried in the financial statements as of October 31, 1964 at depreciated cost of approximately $4,300,000 relates principally to the idle plant at Conshohocken. At its November 30, 1964 meeting, the Board of Directors authorized the permanent discontinuance of all manufacturing operations at such plant. The above carrying value of plant and equipment may or may not be realized should such plant and equipment eventually be disposed of.

(40) P-5271A

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LEE NATIONAL CORPORATION

Annual Report

FOR THE YEAR ENDED OCTOBER 31, 1965

Board of Directors

MAURICE M. CLAIRMONT, *Chairman*
HERMAN P. EDELMAN
JOHN D. GARRETT
WILLARD L. HEINRICH
CYRUS C. HOFFMAN
THOMAS W. MCMAHON, JR.
EMIL POPPER
EDWARD J. SCHEIDER
HARRY L. SCHICK

Officers

MAURICE M. CLAIRMONT . . . . . *Chairman and President*

WILLARD L. HEINRICH . . . . . *Executive Vice President and Treasurer and Assistant Secretary*

JOHN D. GARRETT . . . . . *Vice President*

CYRUS C. HOFFMAN . . . . . *Secretary*

TRANSFER AGENT

Morgan Guaranty Trust Company of New York
Stock Transfer Department
30 West Broadway, New York, N. Y. 10015

REGISTRAR

Bankers Trust Company, New York, N. Y. 10015

EXECUTIVE OFFICES

545 Madison Avenue, New York, N. Y. 10022

Report to Shareholders

I am glad to report to you that during the past fiscal year we were able to solve the company's basic problem by finally disposing of a situation which generated heavy losses and carrying charges and in which there was no future for the company. As you are aware from our previous reports to you, this was accomplished on a satisfactory basis for the corporation through the sale of our tire business and the leasing of our Conshohocken plant to The Goodyear Tire & Rubber Company.

As can be seen from the enclosed financial statements, the company is in a very strong financial position, able to take advantage of opportunities which could establish it in profitable fields of business.

Also, after three years of losses resulting from the reorganization that took place, we are pleased to report net earnings after extraordinary items of $921,313 for the current fiscal year. Having eliminated the source of our losses, we expect the company to continue in the black as a result of the income obtained from the temporary investment of our funds (mainly in Certificates of Deposit from prime banks) and from the rental derived from the leasing of our Conshohocken plant to Goodyear; such rental income shall continue to accrue until such time when Goodyear may decide to exercise its option to purchase the plant.

We hope to accomplish our aims during the coming fiscal year and emerge again as an operating, profitable company, thus justifying the confidence and the support you have given us during the difficult period of transition which the company has undergone.

We wish to extend our thanks to all our present and former employees who have contributed to the successful accomplishment of the difficult task we had to undertake several years ago.

By order of the Board of Directors

Chairman of the Board

LEE NATIONAL CORPORATION AND SUBSIDIARIES

Consolidated Balance Sheet OCTOBER 31, 1965

(with comparative figures as of October 31, 1964)

ASSETS

	1965	1964
CURRENT ASSETS:		
Cash	$ 188,850	923,072
Bank certificates of deposit at cost and accrued interest	12,810,634	17,108,213
Marketable securities at cost approximating market	2,593,706	94,938
Receivables (less provision for losses and discounts: 1965—$47,796; 1964—$114,142)	152,212	1,008,422
Inventories in 1964, at lower of average cost or market (note 2)	—	919,451
Prepaid expenses (note 2)	4,780	69,249
Total current assets	15,750,182	20,123,345
PROPERTY, PLANT AND EQUIPMENT, at cost (note 2)	9,739,923	10,742,548
Less accumulated depreciation and amortization	5,999,076	6,403,829
	3,740,847	4,338,719
	$19,491,029	24,462,064

See accompanying note

LIABILITIES AND STOCKHOLDERS' EQUITY

	1965	1964
CURRENT LIABILITIES:		
Accounts payable	$ 11,220	503,525
Accrued expenses	212,566	291,348
Federal income taxes, estimated (note 4)	—	50,000
Provision for product guarantee adjustments (note 2)	—	234,376
Provision for anticipated losses on commitments and curtailment of certain operations, estimated (note 2)	87,781	220,015
Total current liabilities	311,567	1,299,264
PROVISION FOR:		
Workmen's compensation self-insurance	159,500	194,901
Pensions and other insurance (note 2)	—	57,357
Deferred Federal income taxes and possible assessments (note 4)	392,778	1,031,200
	552,278	1,283,458
CONTINGENT LIABILITIES (note 5)		
STOCKHOLDERS' EQUITY:		
Capital stock — $5 par value Authorized 975,000 shares (note 3) Issued 952,915 shares	4,764,575	4,764,575
Capital in excess of par value of capital stock (note 3)	6,518,092	6,512,007
Earnings retained for use in the business	14,104,574	13,183,261
	25,387,241	24,459,843
Less reacquired capital stock, at cost (note 3):		
1965 — 366,250 shares; 1964 — 183,850 shares	6,760,057	2,580,501
Total stockholders' equity	18,627,184	21,879,342
	$19,491,029	24,462,064

statements.

LEE NATIONAL CORPORATION AND SUBSIDIARIES

Statement of Consolidated Earnings

Year Ended October 31, 1965

(with comparative figures for 1964)

CURRENT EARNINGS

	1965	1964
INCOME:		
Net sales (note 2)	$ 2,903,883	7,071,755
Interest and dividends on certificates of deposit and marketable securities	655,886	696,513
Rental from Conshohocken and Bryn Mawr properties (note 2)	226,004	—
Other income	87,604	44,827
	3,873,377	7,813,095
COSTS AND EXPENSES:		
Cost of goods sold	2,121,135	5,271,250
Selling, administrative and general expenses	1,353,117	2,683,294
Depreciation	536,952	675,698
Idle plant, excluding depreciation on same (note 2)	135,473	373,205
Other charges	4,654	35,258
	4,151,331	9,038,705
(Loss) before extraordinary items	(277,954)	(1,225,610)
EXTRAORDINARY CREDITS (CHARGE):		
Net gain on sale of certain assets to The Goodyear Tire & Rubber Company including option payments received from Goodyear, and credits from reversal of certain accruals and provisions no longer required as result of the sale (note 2)	867,634	—
Reduction in provision for deferred income taxes (note 4)	250,000	—
Net gain on sale of certain other assets, including Republic Rubber Division in 1964	71,812	216,251
Credit resulting from involuntary liquidation of Lifo inventories	9,821	265,822
Provision for past service costs no longer required	—	569,496
Provision for anticipated losses on commitments and curtailment of certain operations	—	(62,475)
Net earnings (loss) for the year (no provision for income taxes required — note 4)	$ 921,313	(236,516)

EARNINGS RETAINED FOR USE IN THE BUSINESS

BALANCE at beginning of year	$13,183,261	13,269,777
Add:		
Net earnings (loss) for the year	921,313	(236,516)
Adjustment in 1964 of provision for deferred Federal income taxes	—	150,000
BALANCE at end of year	$14,104,574	13,183,261

See accompanying notes to financial statements.

LEE NATIONAL CORPORATION AND SUBSIDIARIES

Notes to Financial Statements— OCTOBER 31, 1965

(1) *Principles of Consolidation:*

The financial statements include the accounts, after elimination of intercompany balances and transactions, of the parent company and its two wholly-owned subsidiaries, LTC Corporation (formerly Lee Tire Centers, Inc.) and Alliston Corporation.

(2) *Sale of Certain Assets and Lease of Tire Plant:*

As of July 6, 1965, the business and substantially all of the assets of the company's wholly-owned subsidiary, LTC Corporation (formerly Lee Tire Centers, Inc.) and the tire molds, patents, trademarks, etc., of the parent company were sold to The Goodyear Tire & Rubber Company. The net gain from the sale amounted to approximately $867,000 after including the amount received as consideration for the grant of an option relating to such sale, credits from various accruals and provisions no longer required as a result of the transaction with Goodyear, less incidental expenses.

Also as of July 6, 1965 the company leased its idle Conshohocken plant and Bryn Mawr branch to Goodyear for a monthly rental of approximately $59,000 plus all property taxes, insurance and maintenance costs. The lease is for a term of five years with the right to renew for an additional five years, and gives Goodyear the right to purchase such leased facilities at any time on or after November 10, 1965 for a price of $4,313,000 less $20,000 per month for the number of months from April 1, 1965 to date of purchase.

(3) *Stock Option Plans:*

Under employees' stock option plans approved by stockholders in 1953 and 1963, there were outstanding at the beginning of the year options granted to employees to purchase 35,975 shares of capital stock. During the year, options for 1,100 shares were exercised and options for 475 shares expired or were cancelled.

At the close of the year, there were options outstanding to purchase 34,300 treasury shares and 100 unissued shares. There were 12,000 shares available at the beginning and end of the year for the granting of options under the 1963 plan. The option prices of the shares are equal to 95% of the market price of the shares on the dates granted. The excess, $6,083, of proceeds over the average cost of treasury shares sold through exercise of options was added to capital in excess of par value of capital stock.

(4) *Federal Income Taxes:*

Federal income taxes have been examined and settled through the year ended October 31, 1960. Tax returns for the years 1961, 1962 and 1963 have been examined and while not finally settled, tentative assessments amounting to $388,000 have been paid and charged to the provision for deferred Federal income taxes and possible assessments. At October 31, 1965, there was a net operating loss carryover of approximately $850,000 which has been applied in determining the reduction in the provision for deferred Federal income taxes.

Depreciation charged to earnings reflects the use of straight-line depreciation. Depreciation for tax purposes is computed substantially under alternative methods and by use of the guideline lives as permitted by the Internal Revenue Service. The provision for deferred Federal income taxes represents the accumulated amount of tax deferrals resulting from the above and will be applied to reduce the provision for any income taxes that may be required in future years when book depreciation exceeds that allowable for tax purposes or when required upon disposition of assets. The provision also includes an allowance for possible assessments in connection with Federal income taxes not yet settled.

(5) *Contingent Liabilities:*

In addition to the liabilities reflected in the financial statements, the company may be obligated for various contingent liabilities, including, but not limited to, those that may result from the litigation regarding termination of the Salaried Employees' Pension Plan and from the litigation regarding payment of group insurance benefits to employees formerly on strike or retired. In addition the company is under indictment along with other rubber companies for violation of the Antitrust law by the company's former Republic Rubber Division. The company denies the validity of all of the foregoing contingent liabilities and claims and it is impossible to estimate the amount of such contingent liabilities and claims to which the company is exposed; however, the amount could be quite substantial.

PEAT, MARWICK, MITCHELL & CO.
Certified Public Accountants
1500 Walnut Street
Philadelphia, Pa. 19102

The Board of Directors
LEE NATIONAL CORPORATION:

We have examined the consolidated balance sheet of Lee National Corporation and subsidiaries as of October 31, 1965 and the related statement of earnings for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, subject to the effect, if any, of the outcome of matters referred to in note 5 to the financial statements, the accompanying consolidated balance sheet and statement of consolidated earnings present fairly the financial position of Lee National Corporation and subsidiaries at October 31, 1965 and the results of their operations for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

December 8, 1965

Peat, Marwick, Mitchell & Co.

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SECURITIES AND EXCHANGE COMMISSION
Washington 25, D.C.

PTO-60A (copy)

SPECIAL TERM PART 1
PAPERS SUBMITTED
JUL 30 1963
Numbered 6

FORM 4

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935, or Section 30(f) of the Investment Company Act of 1940.

LEE RUBBER & TIRE CORPORATION
(Name of listed company, holding company or investment company)

M. H. CLAIRMONT
(Name of person whose ownership is reported)

635 Madison Avenue, New York 22, New York
(Business address of such person: street, city, zone, state)

elationship of such person to company named above. (See instruction 6) Director

Statement for Calendar Month of June, 1963

CHANGES DURING MONTH AND MONTH-END OWNERSHIP (See instruction 6)

TITLE OF SECURITY (See instruction 7)	DATE OF TRANSACTION (See instruction 8)	AMOUNT BOUGHT or otherwise acquired (See instruction 8)	AMOUNT SOLD or otherwise disposed of (See instruction 8)	NATURE OF OWNERSHIP (See instruction 10)	AMOUNT OWNED beneficially at end of month (See instruction 6)
Capital Stock	6-13-63	3700		Indirect	
	6-14-63	1600		"	
	6-17-63	5300		"	
	6-18-63	1200		"	
	6-19-63	200		"	
	6-20-63	1000		"	
	6-21-63	600		"	
	6-24-63	1300		"	
	6-25-63	4000		Indirect	119,600*
				Direct	40,500

MARKS: (See instruction 11)

* All of the shares of Capital Stock indirectly owned are owned by Hornay Corporation in which the undersigned has a 30% stock interest.

: of statement July 1, 1963

M. H. Clairmont
(Signature)

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SECURITIES AND EXCHANGE COMMISSION
Washington 25, D.C.

RECEIVED
JUL 2 - 1963

U.S. SECURITIES & EXCHANGE COMMISSION

FORM 4

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935, or Section 30(f) of the Investment Company Act of 1940.

ILK RUBBER & TIRE CORPORATION
(Name of listed company, holding company or investment company)

Acknowledgment Returned by Section of Ownership Reports

DARFINA, A.G.
(Name of person whose ownership is reported)

21 SCHWIZERGASSE, ZURICH, SWITZERLAND
(Business address of such person) street, city, zone, state)

Relationship of such person to company named above. (See instruction 8)

Beneficial owner of more than 10% of Company's capital stock

Statement for Calendar Month of June, 1963

CHANGES DURING MONTH AND MONTH-END OWNERSHIP (See instruction 4)

TITLE OF SECURITY (See instruction 7)	DATE OF TRANSACTION (See instruction 6)	AMOUNT BOUGHT or otherwise acquired (See instruction 9)	AMOUNT SOLD or otherwise disposed of (See instruction 9)	NATURE OF OWNERSHIP (See instruction 10)	AMOUNT OWNED beneficially at end of month (See instruction 5)
Capital Stock	6-13-63	3700		Indirect	
	6-14-63	1600		"	
	6-17-63	5300		"	
	6-18-63	1300		"	
	6-19-63	200		"	
	6-20-63	1000		"	
	6-21-63	600		"	
	6-24-63	1300		"	
	6-25-63	4000		Indirect	119,600
				Direct	47,250

1 - See Reverse

REMARKS: (See instruction 11) OWNERSHIP REPORTS

DARFINA A.G.

SECURITIES AND EXCHANGE COMMISSION
Washington 25, D.C.

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U. S. SECURITIES & EXCHANGE COMMISSION

60A(2) 1732A

FORM 4

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935, or Section 30(f) of the Investment Company Act of 1940.

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LEE RUBBER & TIRE CORPORATION
(Name of listed company, holding company or investment company)

MATIGNON N.V.
(Name of person whose ownership is reported)

BREEDESTRAAT 1, P.O.B. 564, WILLEMSTAD, CURACAO
(Business address of such person; street, city, zone, state)

Relationship of such person to company named above. (See instruction 8)
Beneficial owner of more than 10% of Company's capital stock

Statement for Calendar Month of June, 1963

CHANGES DURING MONTH AND MONTH-END OWNERSHIP (See instruction 6)

TITLE OF SECURITY (See instruction 7)	DATE OF TRANSACTION (See instruction 6)	AMOUNT BOUGHT or otherwise acquired (See instruction 8)	AMOUNT SOLD or otherwise disposed of (See instruction 8)	NATURE OF OWNERSHIP (See instruction 10)	AMOUNT OWNED beneficially at end of month (See instruction 9)	
Capital Stock	6-13-63	3700		Indirect		
	6-14-63	1600		"		
	6-17-63	5300		"		
	6-18-63	1200		"		
	6-19-63	200		"		
	6-20-63	1000		"		-2
	6-21-63	600		"		
	6-24-63	1300		"		-2
	6-25-63	4000		Indirect	119,600*	
				Direct	47,250	-0

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REMARKS: (See instruction 11) *These shares owned by Mornay Corporation in which undersigned has a 35% stock interest.

MATIGNON N.V.

By: Ph. Schilde
(Signature)
Authorized Signatory

Date of statement July 1, 1963

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SECURITIES AND EXCHANGE COMMISSION
Washington 25, D.C.

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FORM 4

U. S. SECURITIES & EXCHANGE COMMISSION

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935, or Section 30(f) of the Investment Company Act of 1940.

LEE RUBBER & TIRE CORPORATION

(Name of listed company, holding company or investment company)

M. M. CLAIRMONT

(Name of person whose ownership is reported)

635 Madison Avenue, New York 22, New York

(Business address of such person; street, city, zone, state)

Relationship of such person to company named above. (See instruction 8) Director

Statement for Calendar Month of June, 1963

CHANGES DURING MONTH AND MONTH-END OWNERSHIP (See instruction 9)

TITLE OF SECURITY (See instruction 7)	DATE OF TRANSACTION (See instruction 8)	AMOUNT BOUGHT or otherwise acquired (See instruction 8)	AMOUNT SOLD or otherwise disposed of (See instruction 8)	NATURE OF OWNERSHIP (See instruction 10)	AMOUNT OWNED beneficially at end of month (See instruction 8)
Capital Stock	6-13-63	3700		Indirect	
	6-14-63	1600		"	
	6-17-63	5300		"	
	6-18-63	1200		"	
	6-19-63	200		"	
	6-20-63	1000		"	
	6-21-63	800		"	
	6-24-63	1300		"	
	6-25-63	4000		Indirect	119,600*
				Direct	40,500

REMARKS: (See instruction 11)

*All of the shares of Capital Stock indirectly owned are owned by Varney Corporation in which the undersigned has a 50% stock interest.

Date of statement: July 1, 1963

M. M. CLAIRMONT

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SECURITIES AND EXCHANGE COMMISSION
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STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935, or Section 30(f) of the Investment Company Act of 1940.

LEE RUBBER & TIRE CORPORATION
(Name of listed company, holding company or investment company)

M. M. CLAIRMONT
(Name of person whose ownership is reported)

635 MADISON AVENUE, NEW YORK 22, NEW YORK
(Business address of such person) street, city, zone, state)

Relationship of such person to company named above. (See instruction 8) Director

Statement for Calendar Month of January, 1963

CHANGES DURING MONTH AND MONTH-END OWNERSHIP (See instruction 6)

TITLE OF SECURITY (See instruction 7)	DATE OF TRANSACTION (See instruction 8)	AMOUNT BOUGHT or otherwise acquired (See instruction 9)	AMOUNT SOLD or otherwise disposed of (See instruction 9)	NATURE OF OWNERSHIP (See instruction 10)	AMOUNT OWNED beneficially at end of month (See instruction 9)
Capital Stock	1/3/62 1/3/62	500 1000*	1000*	Indirect Indirect Direct	100,700* 40,500

TA... FILED
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RELEASE

1-3-63
-1000
-2
N-

REMARKS: (See instruction 11) *500 shares in the name of M. M. Clairmont, Angela Clairmont and George Clairmont as Trustees U/T/I dated 5/3/51 F-B-O George B. Clairmont; and 500 shares in the name of M. M. Clairmont as Trustee U/T/I dated 5/10/62 F-B-O Jacqueline ... Clairmont, were transferred to Mornay Corporation. All of the shares of Capital Stock indirectly owned are owned by Mornay Corporation in which the undersigned has a 30% stock interest.

Date of statement January 31, 1963

(Signature)

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SECURITIES AND EXCHANGE COMMISSION
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FORM 4

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935, or Section 30(f) of the Investment Company Act of 1940.

LEE RUBBER & TIRE CORPORATION
(Name of listed company, holding company or investment company)

M. N. CLAIRMONT
(Name of person whose ownership is reported)

635 Madison Avenue, New York 22, New York
(Business address of such person) Street, City, Zone, State)

Relationship of such person to company named above. (See instruction 8) Director

Statement for Calendar Month of October, 1963

CHANGES DURING MONTH AND MONTH-END OWNERSHIP (See instruction 6)

TITLE OF SECURITY (See instruction 7)	DATE OF TRANSACTION (See instruction 8)	AMOUNT BOUGHT or otherwise acquired (See instruction 8)	AMOUNT SOLD or otherwise disposed of (See instruction 8)	NATURE OF OWNERSHIP (See instruction 10)	AMOUNT OWNED Beneficially at end of month (See instruction 9)
Capital Stock	10-9-63	400		Direct	
	10-10-63	1,300		"	
	10-11-63	400		"	
	10-14-63	300		"	
	10-15-63	600		"	
	10-16-63	400		"	
	10-17-63	300		"	
	10-18-63	1,000		Direct	46,700
				Indirect	119,600*

REMARKS: (See instruction 11)

*All of the shares of Capital Stock indirectly owned are owned by Mornay Corporation in which the undersigned has a 30% stock interest.

Date of statement November 5, 1963

M. N. Clairmont
(Signature)

M. N. Clairmont

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FORM 4

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935, or Section 30(f) of the Investment Company Act of 1940.

LEE RUBBER & TIRE CORPORATION
(Name of listed company, holding company or investment company)

MATIGNON N.V.
(Name of person whose ownership is reported)

BREEDESTRAAT 1, P.O.B. 564, WILLEMSTAD, CURACAO
(Business address of such person) street, city, zone, state)

Relationship of such person to company named above. (See instruction 6).

Beneficial owner of more than 10% of Company's capital stock

Statement for Calendar Month of October, 1963

CHANGES DURING MONTH AND MONTH-END OWNERSHIP (See instruction 6)

TITLE OF SECURITY (See instruction 7)	DATE OF TRANSACTION (See instruction 8)	AMOUNT BOUGHT or otherwise acquired (See instruction 8)	AMOUNT SOLD or otherwise disposed of (See instruction 8)	NATURE OF OWNERSHIP (See instruction 10)	AMOUNT OWNED beneficially at end of month (See instruction 6)	
Capital Stock	10-18-63	10,500		Direct	57,750	= 2
				Indirect	119,600*	-

REMARKS: (See instruction 11)

*These shares owned by Mornay Corporation in which undersigned has a 35% stock interest.

MATIGNON, N.V.

By: [signature] (Signature)

Date of statement November 7, 1963

Authorized Signatory

60A(1)

SECURITIES AND EXCHANGE COMMISSION
Washington 25, D.C.

17737A

FORM 4

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935, or Section 30(f) of the Investment Company Act of 1940

Lee Rubber & Tire Corporation
(Name of listed company, holding company or investment company)

Albert A. Garthwaite, Jr.
(Name of person whose ownership is reported)

Lee Rubber & Tire Corp., Conshohocken, Pa.
(Business address of such person; street, city, zone, state)

Relationship of such person to company named above. (See instruction 6) President & Director

Statement for Calendar Month of November, 19 63

CHANGES DURING MONTH AND MONTH-END OWNERSHIP (See instruction 6)

TITLE OF SECURITY (See instruction 7)	DATE OF TRANSACTION (See instruction 8)	AMOUNT BOUGHT or otherwise acquired (See instruction 9)	AMOUNT SOLD or otherwise disposed of (See instruction 9)	NATURE OF OWNERSHIP (See instruction 10)	AMOUNT OF SEC. beneficially at end of month (See instruction 9)
11/14 Common stock		100 sh.		Direct	8350

REMARKS: (See instruction 11)

(Signature)

Date of statement 12-12-63

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FORM 4

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935, or Section 30(f) of the Investment Company Act of 1940

Lee Rubber & Tire Corporation
(Name of listed company, holding company or investment company)

Willard L. Heinrich
(Name of person whose ownership is reported)

Hector Street, Conshohocken, Pennsylvania
(Business address of such person; street, city, zone, state)

Relationship of such person to company named above. (See instruction 6) Director and Executive Vice President and Treasurer and Assistant Secretary

Statement for Calendar Month of November, 19 63

CHANGES DURING MONTH AND MONTH-END OWNERSHIP (See instruction 6)

TITLE OF SECURITY (See instruction 7)	DATE OF TRANSACTION (See instruction 8)	AMOUNT BOUGHT or otherwise acquired (See instruction 9)	AMOUNT SOLD or otherwise disposed of (See instruction 9)	NATURE OF OWNERSHIP (See instruction 10)	AMOUNT OWNED beneficially at end of month (See instruction 9)
Comm Capital Stock - $5 Par Value Per Share	11-1-63	1200	None	Direct	
	11-4-63	500	None	Direct	
	11-8-63	400	None	Direct	
					3000 Shs.

TABULATED

REMARKS: (See instruction 11)

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Willard L. Heinrich
(Signature)

Date of statement December 2, 1963

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FORM 4

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935, or Section 30(f) of the Investment Company Act of 1940.

LEE RUBBER & TIRE CORPORATION
(Name of listed company, holding company or investment company)

HARRY L. SCHICK
(Name of person whose ownership is reported)

635 Madison Avenue, New York 22, New York
(Business address of such person; street, city, zone, state)

Relationship of such person to company named above. (See instruction 5) Officer

Statement for Calendar Month of November, 1963

CHANGES DURING MONTH AND MONTH-END OWNERSHIP (See instruction 6)

TITLE OF SECURITY (See instruction 7)	DATE OF TRANSACTION (See instruction 8)	AMOUNT BOUGHT or otherwise acquired (See instruction 9)	AMOUNT SOLD or otherwise disposed of (See instruction 9)	NATURE OF OWNERSHIP (See instruction 10)	AMOUNT OWNED beneficially at end of month (See instruction 9)
Capital Stock	11-1-63	1000		Direct	4000

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REMARKS: (See instruction 11)

RELEASE

Harry L. Schick
(Signature)

Date of statement December 2, 1963

Harry L. Schick

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60A(8)

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935, or Section 30(f) of the Investment Company Act of 1940.

JEN RUBBER & TIRE CORPORATION
(Name of issuing company, holding company or investment company)

M. M. CLAIRMONT
(Name of person whose ownership is reported)

635 MADISON AVENUE, NEW YORK 22, NEW YORK
(Business address of such person; street, city, zone, state)

Relationship of such person to company named above. (See instruction 5) Director

Statement for Calendar Month of December, 1963

CHANGES DURING MONTH AND MONTH-END OWNERSHIP (See instruction 6)

TITLE OF SECURITY (See instruction 7)	DATE OF TRANSACTION (See instruction 8)	AMOUNT BOUGHT or otherwise acquired (See instruction 9)	AMOUNT SOLD or otherwise disposed of (See instruction 9)	NATURE OF OWNERSHIP (See instruction 10)	AMOUNT OWNED beneficially at end of month (See instruction 9)
Capital Stock	12-23-63	600		Direct	
	12-24-63	400		Direct	
	12-26-63	500		Direct	47,200
	12-19-63	400		Indirect	120,000*

REMARKS: (See instruction 11) *All of the shares of Capital Stock indirectly owned are owned by Mornay Corporation in which the undersigned has a 30% stock interest.

Date of statement January 2, 1964

M. M. Clairmont
(Signature)

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2 Acknowledgment Returned by Section of Ownership Reports

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FORM 4

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECUPITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935, or Section 30(f) of the Investment Company Act of 1940.

LEE RUBBER & TIRE CORPORATION
(Name of listed company, holding company or investment company)

DARFINA, A.G.
(Name of person whose ownership is reported)

21 SCHWEIZERGASSE, ZURICH, SWITZERLAND
(Business address of such person; street, city, zone, state)

Relationship of such person to company named above. (See instruction 5)

Beneficial owner of more than 10% of Company's capital stock

Statement for Calendar Month of December, 1963

CHANGES DURING MONTH AND MONTH-END OWNERSHIP (See instruction 6)

TITLE OF SECURITY (See instruction 7)	DATE OF TRANSACTION (See instruction 8)	AMOUNT BOUGHT or otherwise acquired (See instruction 8)	AMOUNT SOLD or otherwise disposed of (See instruction 8)	NATURE OF OWNERSHIP (See instruction 10)	AMOUNT OWNED beneficially at end of month (See instruction 8)
Capital Stock	12-19-63	400		Indirect	120,000*
				Direct	57,750

REMARKS: (See instruction 11) *These shares owned by Mornay Corporation in wh[illegible] undersigned has a 35% stock interest.

DARFINA A.G.

By: H. Schick

SECURITIES AND EXCHANGE COMMISSION
Washington 25, D.C.

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FORM 4

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935, or Section 30(f) of the Investment Company Act of 1940.

LEE RUBBER & TIRE CORPORATION
(Name of listed company, holding company or investment company)

A. MARCUS
(Name of person whose ownership is reported)

6, AVENUE MATIGNON, PARIS 8e, FRANCE
(Business address of such person; street, city, zone, state)

Relationship of such person to company named above. (See Instruction 5)
Beneficial owner of more than 10% of Company's capital stock

Statement for Calendar Month of December, 1963

CHANGES DURING MONTH AND MONTH-END OWNERSHIP (See Instruction 6)

TITLE OF SECURITY (See Instruction 7)	DATE OF TRANSACTION (See Instruction 8)	AMOUNT BOUGHT or otherwise acquired (See Instruction 9)	AMOUNT SOLD or otherwise disponed of (See Instruction 9)	NATURE OF OWNERSHIP (See Instruction 10)	AMOUNT OWNED beneficially at end of month (See Instruction 9)
Capital Stock	12-19-63	400		Indirect	177,750*
				Direct	none

REMARKS: (See Instruction 11) Of such total of 177,750 shares, 57,750 owned directly by Matignon N.V. of which the undersigned is the sole stockholder. 120,000 shares are owned by Mornay Corporation in which Matignon N.V. is a 35% stockholder.

A. MARCUS

By: A. Marcus
(Signature)
Authorized Signatory

Date of statement January 8, 1964

SECURITIES AND EXCHANGE COMMISSION
Washington 25, D.C.

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FORM 4

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935, or Section 30(f) of the Investment Company Act of 1940.

LEE RUBBER & TIRE CORPORATION
(Name of listed company, holding company or investment company)

MATIGHON N.V.
(Name of person whose ownership is reported)

BREEDESTRAAT 1, P.O.B. 564, WILLEMSTAD, CURACAO
(Business address of such person; street, city, zone, state)

Relationship of such person to company named above. (See instruction 5)

Beneficial owner of more than 10% of Company's capital stock

Statement for Calendar Month of December, 1963

CHANGES DURING MONTH AND MONTH-END OWNERSHIP (See instruction 6)

TITLE OF SECURITY (See instruction 7)	DATE OF TRANSACTION (See instruction 8)	AMOUNT BOUGHT or otherwise acquired (See instruction 9)	AMOUNT SOLD or otherwise disposed of (See instruction 9)	NATURE OF OWNERSHIP (See instruction 10)	AMOUNT OWNED beneficially at end of month (See instruction 9)
Capital Stock	12-19-63	400		Indirect	120,000*
				Direct	57,750

REMARKS: (See instruction 11) *These shares owned by Mornay Corporation in which undersigned has a 35% stock interest.

MATIGHON N.V.

By: H. L. Schick
(Signature)
Authorized Signatory

Date of statement January 2, 1964

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SECURITIES AND EXCHANGE COMMISSION
Washington 25, D.C.

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FORM 4

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935, or Section 30(f) of the Investment Company Act of 1940.

LEE RUBBER & TIRE CORPORATION
(Name of listed company, holding company or investment company)

Mornay Corporation
(Name of person whose ownership is reported)

635 Madison Avenue, New York 22, New York
(Business address of such person; street, city, zone, state)

Relationship of such person to company named above. (See instruction 6)

Beneficial owner of more than 10% of Company's capital stock

Statement for Calendar Month of December, 1963

CHANGES DURING MONTH AND MONTH-END OWNERSHIP (See instruction 6)

TITLE OF SECURITY (See instruction 7)	DATE OF TRANSACTION (See instruction 8)	AMOUNT BOUGHT or otherwise acquired (See instruction 9)	AMOUNT SOLD or otherwise disposed of (See instruction 9)	NATURE OF OWNERSHIP (See instruction 10)	AMOUNT OWNED beneficially at end of month (See instruction 9)
Capital Stock	12-19-63	400		Direct	130,000

REMARKS: (See instruction 11)

MORNAY CORPORATION

By: [signature]
(Signature)

(44) PRO #61A

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LEE RUBBER & TIRE CORPORATION

CONSHOHOCKEN, PENNSYLVANIA

November 25, 1963

TO OUR STOCKHOLDERS:

Our entire Board of Directors at its meeting of October 30, 1963 unanimously approved the sale of the assets of our Republic Rubber Division in Youngstown, Ohio (except receivables) to Aeroquip Corporation of Jackson, Michigan and a contract of sale has been executed with Aeroquip Corporation, subject to the approval of such sale by our stockholders. A special Stockholders' Meeting is being called for this purpose to be held on December 17, 1963.

As a result of this sale, the Company will receive for the fixed assets (land, buildings, water rights, machinery and equipment) an amount of $3,450,000 (representing their approximate aggregate depreciated book value) of which half will be payable in cash and the other half by interest bearing notes of Aeroquip Corporation, payable nine months after closing, and in addition will receive for Republic's inventories an amount equal to their value as of the date of closing payable in cash, all as set forth in the accompanying proxy statement. The Company is retaining the accounts receivable of this Division, which will be collected by the purchaser without charge for the account of the Company. It is estimated that the total consideration to be received for the assets to be sold will amount to approximately $5,500,000 dependent on the actual inventory at the time of closing.

The Management and the Board of Directors strongly recommend to our stockholders that they approve this transaction, which we consider advantageous to the Company, for the reasons set forth in Items 6 and 8 in the accompanying proxy statement.

In view of the circumstances and for the reasons set forth in the accompanying proxy statement, the Board of Directors is of the opinion that the consummation of this transaction is favorable to our Company and will eliminate one of its present pressing problems.

We would like to inform you that we have been advised by stockholders owning about 304,800 shares, or 38.8% of the Company's stock (which include our largest stockholders) that they are entirely in favor of this transaction and intend to vote their approval thereof.

Since a vote of two-thirds of our total outstanding stock is necessary in order to consummate this transaction and since the time until the date of the meeting is rather short, we urge you to sign and return to us immediately the enclosed proxy indicating your approval of the abovementioned transaction, which we strongly believe is in the best interest of the Company and its stockholders.

Sincerely yours,

LEE RUBBER & TIRE CORPORATION

Chairman of the Board

President

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(43) PTO #627

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LEE RUBBER & TIRE CORPORATION

Notice of Special Meeting of Stockholders

To the Stockholders of
LEE RUBBER & TIRE CORPORATION

A Special Meeting of stockholders of Lee Rubber & Tire Corporation will be held at the office of the Corporation's Transfer Agent, Morgan Guaranty Hall, Mezzanine B, 60 Liberty Street (around the corner from 140 Broadway), New York City, at 11 A. M. on Tuesday, December 17, 1963 for the following purposes:

1. To consider and act upon the authorization of the sale of all the assets (except receivables) of the Corporation's Republic Rubber Division for cash, short term government securities and notes maturing within nine (9) months.

2. To transact such other business as may properly come before the meeting or any adjournment or adjournments thereof.

The said sale of assets is described in the annexed Proxy Statement.

Stockholders of record at the close of business on November 18, 1963 will be entitled to vote at the meeting.

By Order of the Board of Directors,

HARRY L. SCHICK,
Secretary.

Dated: November 25, 1963.

Please give the enclosed proxy your immediate attention.

We hope that you will attend the stockholders' meeting, but, if this is impossible, please cooperate by returning your signed proxy by return mail in the enclosed postage-paid envelope in order that the presence of a quorum be assured.

PROXY STATEMENT

1. This Proxy Statement is furnished by the Management of Lee Rubber & Tire Corporation.

2. The accompanying proxy is being solicited by and on behalf of the Management of the Corporation for use at the special meeting of stockholders of the Corporation to be held on December 17, 1963 and any adjournment or adjournments thereof. A proxy may be revoked prior to its exercise at the meeting, by the stockholder giving the proxy.

3. The costs of soliciting proxies will be borne by the Corporation. Solicitation will be primarily by mail, although proxies may also be solicited by certain officers and regular employees of the Corporation by telephone, telegraph or personal interview, and brokerage houses and other custodians, nominees and fiduciaries will be requested to forward soliciting material to beneficial owners of stock held of record by such persons. In addition, the Corporation has retained Georgeson & Co., of New York, New York, to aid in solicitation of proxies. For these services the Corporation has agreed to pay a sum estimated at not more than $3,500.00 including out-of-pocket expenses. The Corporation will reimburse brokers and other nominees for their expenses in forwarding soliciting material which are estimated not to exceed $1,500.00.

4. Holders of record at the close of business on November 18, 1963, of outstanding Capital Stock of the Corporation are entitled to vote at this meeting. The Corporation has outstanding in the hands of the public 786,000 shares of Capital Stock. Each share of stock is entitled to one vote. The only owners of record or beneficially of more than 10 percent of the outstanding Capital Stock known to the Management are set forth below:

Mornay Corporation (1) ..... 119,600 shares

(1) Mornay Corporation, a New York corporation, is the beneficial owner of 119,600 shares or 15.2% of the Corporation's Capital Stock. Maurice M. Clairmont owns directly 30% of the common stock of Mornay Corporation and also owns directly 45,700 shares of the Corporation's Capital Stock, Darfina A. G. owns directly 35% of the common stock of Mornay Corporation and also owns directly 57,750 shares of the Corporation's Capital Stock, and Matignon N. V. owns directly 35% of the common stock of Mornay Corporation and also owns directly 57,750 shares of the Corporation's Capital Stock. The persons mentioned above in this footnote do not own any stock of record not owned beneficially. No other stockholder of the Corporation is known to own of record or beneficially in excess of 10% of the Corporation's Capital Stock.

5. The only business which the Management intends to present or knows that others will present at the meeting is the consideration and voting upon the authorization of the sale of all the fixed assets, inventories, patents, trademarks and trade names of the Corporation's Republic Rubber Division including the right to use the name Republic Rubber Division and lists of customers of that Division to Aeroquip Corporation for an aggregate price estimated to be approximately $5,500,000 (dependent in part on the actual inventory at the time of closing) payable in cash and United States Government

obligations on or before the closing or within 30 days thereafter except for $1,725,000 payable in notes maturing in nine months. Further details of the proposed sale are set forth below.

6. *Material Features of the Plan.* A brief outline of the material features of the transaction covered by the plan follows:

Subject to approval of its stockholders, the Corporation has agreed to sell the following assets owned by it and operated as part of its Republic Rubber Division to Aeroquip Corporation, a Michigan corporation, located in Jackson, Michigan, at the following prices:

Assets		Price
(a) Land, Buildings, Water Rights, Machinery and Equipment comprising plant at Youngstown, Ohio and other equipment presently owned by the Corporation		$3,450,000.00 (approximate aggregate depreciated book value)
(b) All inventories owned as of the time of closing		Cost or Market Value on Effective Closing Date (less allowance for obsolete finished goods)
(c) Patents, trademarks, trade names, lists of customers		1.00
(d) Deposits (except bank deposits), advances, prepayments, transferable insurance policies existing as of the time of closing		Face amount prorated as of Effective Date of Closing
TOTAL	Estimated	$5,500,000.00

PAYMENT: The Buyer has delivered $500,000 face value short term United States Government securities, (to be held in escrow by the Corporation subject to and pending the consummation of the transaction and to be applied against the total purchase price). The balance of the purchase price will be payable at the closing as follows:

For the assets set forth in (a) above —$1,725,000 in cash, $1,375,000 by a negotiable note of Buyer and $350,000 by a non-negotiable note of Buyer, both bearing 4½% interest and maturing within 9 months from closing.

For the assets set forth in (b) above —$1,320,000 in cash and the balance in cash within 30 days after closing following physical verification and computation of the inventories.

For the assets set forth in (c) and (d) above — In cash.

The Corporation is retaining the accounts receivable of its Republic Rubber Division which will be collected by the Buyer without charge for the account of the Corporation. Such receivables as of September 30, 1963 (the last date for which such figure is available) amounted to approximately $400,000.

As part of this transaction the Buyer is assuming the Union agreements with the Corporation relating to the Republic Rubber Division and substantially all of the Corporation's obligations and liabilities thereunder including pension payments, group life insurance, group insurance for hospitalization, surgical and medical benefits, and contingent severance pay obligations as provided therein.

The closing of this transaction is now scheduled to take place on December 20, 1963.

For reasons set forth below and predicated on all indications available to the Management of the Corporation as a result of various discussions and negotiations with Aeroquip and other prospective purchasers with respect to the disposition of these assets, the Management believes that under the circumstances the proposed sale offers the Corporation a fair consideration for the assets being sold. Other than the fact that the Buyer is a customer of the Corporation, neither the Buyer nor any director, officer or controlling stockholder of the Buyer has any interest in the Corporation, nor does the Corporation nor any director, officer or controlling stockholder of the Corporation have any interest in the Buyer, to the knowledge of the Corporation.

7. *Summary Description of the Operations and Properties of the Corporation's Divisions.* The Corporation operates two divisions, namely, the Lee Tire Division and the Republic Rubber Division.

The Lee Tire Division is engaged in the manufacture of tires and the distribution of tires and other related items. The manufacturing operations are conducted in a plant owned by the Corporation located in Conshohocken, Pennsylvania, which is fully equipped for the manufacturing of truck and passenger car tires. Distribution of these tires is made primarily through a number of Company-owned branches all of which, except one, are leased. All but one of these distribution branches are located in states east of the Mississippi River.

The Republic Rubber Division is engaged in the manufacture of industrial rubber products. These products are a variety of hose, belting and molded goods, almost all of which are used for industrial application. These products are manufactured in a plant owned by the Corporation located in Youngstown, Ohio, the bulk of which consists of a multi-story, factory building containing machinery and equipment used in the production of such goods. Its products are sold to industrial users and are also sold throughout the United States through a number of independent distributors.

The relative amounts of sales and net operating income or loss accounted for by each Division over the fiscal years of 1960, 1961 and 1962 and the nine month period ended July 31, 1963 are set forth in a statement on page 11 hereof.

The competitive conditions and other factors influencing the business of the Republic Division are set forth in Item 8 below.

Regarding the Lee Tire Division, it is in a poor competitive position and its business has been adversely affected by two main factors, namely, the low productivity and consequently high cost of production and the lack of an adequate distribution of its products through desirable channels. The operation of this Division is also greatly penalized by a high fixed and semi-fixed overhead which, while necessary in order to keep this Division functioning, is completely out of proportion to its low level of production and raises costs to a point where substantial losses are inevitable as long as this situation continues. The program of gradually developing new, desirable outlets under the present extremely competitive conditions in the tire industry is a long, arduous and costly one, and until a proper distribution can gradually be built, tire production will have to continue at an abnormally low rate in order to avoid inventory accumulation out of line with the Division's sales picture.

The sales problem in the Tire Division is further complicated by the effort to eliminate in an orderly manner a certain number of customers representing poor credit risks or with whom the cost of doing business is prohibitive, and to concentrate on a larger, more desirable class of customer of the type to which manufacturers normally sell. The need to secure such customers required a downward adjustment of the Company's price structure of tires which also contributed to the losses.

The problems of the Tire Division have been further complicated by the strike that commenced on July 16, 1963 and still continues, resulting in additional losses for this Division.

8. *Reasons for the Sale and Effect on the Corporation's Stockholders.* The performance of the Republic Rubber Division has been unsatisfactory, and as a result of certain conditions inherited from the past it has been besieged in recent years by serious problems. This Division has had serious operating difficulties due to labor conditions which prevented its operations from becoming competitive. In addition, the Corporation's new Management found that the merchandising and distribution system of this Division was far from desirable and substantial changes would have been necessary to improve it, requiring a great deal of time, and involving substantial costs and risks. The future of this Division may be further adversely affected by a recent industry trend whereby certain hose manufacturers are entering the manufacture of couplings and selling the assembled product in competition with couplings manufacturers who represent an important outlet for a substantial part of Republic Rubber Division's products.

Aeroquip Corporation, which is listed on the New York Stock Exchange, is a large manufacturer of couplings, hose assemblies and other related products and its last annual report, for the fiscal year ended September 30, 1962, shows net sales of $57,511,615 and net earnings after taxes of $3,038,938. It is a substantial user of hose products and an important customer of the Republic Rubber Division. In the Management's opinion, Aeroquip, through its widespread network of distributors and its strategically located warehouses, should be in a much better position than Republic to penetrate

the market and obtain the broader distribution that would be very costly for the Corporation to develop.

Finally, in connection with such sale, the Corporation gave careful consideration to its recent labor situation. The Lee Tire Division has been on strike since July 16, 1963 which strike still continues. The Republic Rubber Division had been on strike since August 6, 1963 and there was no likelihood of a settlement of this strike in the foreseeable future on a basis satisfactory to the Corporation. The Corporation was therefore faced with two equally adverse alternatives, namely, either to permit the strike to continue and accumulate very substantial losses or to accept an unsatisfactory agreement with the Union which would leave the Corporation in an uncompetitive position. In the opinion of Management, Aeroquip should be in a more advantageous position than the Corporation in operating this Plant because (a) it can utilize a substantial portion of certain products of this Plant, thus effecting certain economies to itself, and (b) through its much superior distribution facilities it should be able to add to the sales of the products of this Plant; therefore it was in a better position to settle the Union problems. Following negotiations that took place, the Union has agreed, subject to the sale of the Republic Rubber Division to Aeroquip, to resume operations immediately, based on a temporary General Agreement and a Supplemental Unemployment Benefits Agreement with the Corporation, both dated October 31, 1963, pending conclusion of the sale; this should prevent the continuation of the substantial losses and the fast disintegration of the business due to substantial loss of customers resulting from the strike. As a result of these agreements with the Union and an amendment dated October 28, 1963 to the Welfare Agreement and the agreement with Aeroquip, the Corporation will also be relieved of all its obligations and liabilities for pensions and various contingent severance pay provisions, which, according to the provisions of its pre-existing agreements with the Union could become quite burdensome to the Corporation.

The proposed sale of the fixed assets will not result in any significant gain or loss on the books. However, there would be a gain on the sale for tax purposes due primarily to the fact that the income tax basis of the assets is lower than the book basis. The tax on this gain would be substantially offset by the related deferred income tax provision applicable to such assets and any excess would be absorbed by any available current or carried-forward operating losses.

The funds received as a result of this transaction will be used for general corporate purposes and are intended to be invested for the time being in short term Government securities and bank time deposits. The Corporation does not presently have any plans, arrangements, commitments or understandings regarding the ultimate use of such funds.

9. *Vote Needed for Approval.* The vote needed for approval of authorization of the sale is that of two thirds of all the outstanding shares.

10. ***Rights of Dissenters.*** A shareholder entitled to vote who does not assent to the sale has the right to receive payment of the fair value of his shares under Section 623 of the Business Corporation Law of New York upon complying with its provisions. Briefly outlined, Section 623 provides as follows: a shareholder intending to enforce such right shall file with the Corporation before the shareholders meeting, or at such meeting but before the vote, written objection to the sale, including a statement that he intends to demand payment for his shares if the sale is made; within 10 days after the shareholders' vote authorizing the sale, the Corporation shall give written notice of such authorization by registered mail to each such objecting shareholder not voting for the sale; within 20 days after such notice, any such shareholder electing to dissent shall file with the Corporation a written notice of such election, stating his name and residence address, the number of shares as to which he dissents and a demand for payment of the fair value of his shares; within 7 days after the expiration of such 20 day period, or within 7 days after the sale is consummated, whichever is later, the Corporation shall offer such dissenting shareholders a specified price which the Corporation considers the fair value of the shares, accompanied by a balance sheet and profit and loss statement of the Corporation; if any dissenting shareholder shall fail to agree on a price within 30 days thereafter, the Corporation shall institute a proceeding in the Supreme Court, New York County, to fix the fair value, making all still dissenting stockholders parties; the Supreme Court will then determine the fair value as of the close of business on the day prior to the shareholders' authorization date, excluding any appreciation or depreciation directly or indirectly induced by such sale or its proposal.* A negative vote does not of itself constitute the written objection or statement of an intention to demand payment nor does it constitute the written notice of election to dissent or demand for payment as required by the Statute in order for a dissenting shareholder to obtain payment from the Corporation for his shares. The above mentioned law further provides under Section 623 paragraph (h) (7) that the costs and expenses of such proceeding shall be determined by the Court and shall be assessed against the Corporation except that all or any part of such costs and expenses (including compensation and expenses of the appraiser) may be apportioned and assessed, as the Court may determine, against any or all of the dissenting shareholders who are parties to the proceeding if the Court finds that their refusal to accept the corporate offer was arbitrary, vexatious or otherwise not in good faith. While each of the parties normally has to bear the fees and expenses for counsel and experts employed by it, the Court may under certain conditions, in its discretion, award such fees and expenses.

11. ***Limitation on Dissenters.*** Section 623, paragraph (g) of the Business Corporation Law of New York makes the right of dissenters to receive payment conditional upon consummation of the sale and Section 909, paragraph (c) authorizes the Board of Directors to abandon the proposed sale notwithstanding shareholder authorization subject to the rights, if any, of third parties under any contract relating thereto. In addition, the Corporation's agreement with Aeroquip Corporation provides that if the holders of more than 50,000 shares of Capital Stock of the Corporation file objections to the sale and statements that they intend to demand payment for their shares if the sale is approved and made, then the Corporation at its option may cancel the agreement to sell.

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* Public announcement of the proposed sale was made October 31, 1963.

12. *Price Range of the Corporation's Stock.* The high and low sale prices of the Corporation's Capital Stock on the New York Stock Exchange for each quarterly period within the last two years and during the month of October 1963 and for the first 22 days of the month of November 1963 were as follows:

	High	Low
4th Quarter 1961	18¼	15⅞
1st Quarter 1962	19⅛	16
2nd Quarter 1962	21¾	13½
3rd Quarter 1962	16⅜	14¼
4th Quarter 1962	15⅜	13½
1st Quarter 1963	20⅜	13⅞
2nd Quarter 1963	18⅝	16¾
3rd Quarter 1963	18¼	15¼
Month of October, 1963	19⅜	16½
November 1 to 22, 1963	24	19¼

The closing price on November 22, 1963 was 20¼.

Public announcement of the proposed sale was made October 31, 1963.

13. The special meeting of stockholders is called for the transaction of the above-stated business and for the transaction of such other business as may properly come before the meeting although, as of the date of this Proxy Statement, the only business which the Management intends to present or knows that others will present, and concerning which the proxy will be exercised or used for the purpose of a quorum at the meeting or any adjournment thereof, is as set forth above. However, if any other matters not now known properly come before the meeting, it is intended that the persons named in the proxy, or their substitutes, will vote your stock in accordance with their best judgment on such matters. All shares of stock represented by duly executed proxies received by the Corporation will be voted at the meeting by the persons named in the proxy or their substitutes.

By Order of the Board of Directors,

HARRY L. SCHICK,
Secretary.

Dated: November 25, 1963

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LEE RUBBER & TIRE CORPORATION

STATEMENT OF EARNINGS

The following statement of earnings of Lee Rubber & Tire Corporation so far as it relates to the five years ended October 31, 1962, has been examined by Peat, Marwick, Mitchell & Co., independent certified public accountants, whose report thereon appears elsewhere in this Proxy Statement. The information for the years ended October 31, 1960, 1961 and 1962, and for the nine months ended July 31, 1963 should be read in conjunction with the financial statements and related notes included herein. With respect to the figures for the nine months ended July 31, 1963 which are unaudited, the management of the company believes that all adjustments (none of which were other than normal recurring accruals) necessary to a fair statement of the results of such nine months have been included, except for the effect of matters described in note (g) below which is not determinable at this time.

	Fiscal year ended October 31					Nine months ended July 31, 1963 (unaudited) (g)
	1958	1959	1960	1961	1962	
Income:						
Net sales	$46,558,852	52,164,161	44,298,913	44,683,337	45,592,010	23,512,353
Other income	75,907	68,392	85,229	67,052	86,466	246,739(f)
	46,634,759	52,232,553	44,384,142	44,750,389	45,678,476	23,759,092
Costs and expenses:						
Cost of goods sold, excluding depreciation	33,266,371	38,245,411	34,454,269	34,347,967	36,506,392(a)	19,429,741
Selling, administrative and general expenses	8,916,232	9,798,498	8,936,242	9,366,201	9,543,629	5,192,833
Depreciation	632,655	719,301	822,754	832,723	884,401	720,800
Other charges	8,682	96,164	10,732	1,245	19,851	339
	42,823,940	48,859,374	44,224,997	44,548,136	46,954,273	25,343,713
Earnings (loss) before Federal income taxes and extraordinary items	3,810,819	3,373,179	159,145	202,253	(1,275,797)	(1,584,621)
Federal income taxes (refund) estimated, including deferred income taxes of $36,900, $41,300, and $173,800 in 1960, 1961 and 1962, respectively	2,012,900	1,851,700	105,000	173,000	(607,500)	(270,602)
Net earnings (loss) before extraordinary items	1,797,919	1,521,479	55,145	29,253	(668,297)	(1,314,019)
Extraordinary (charge) credits, net of tax effect	—	—	267,000(b)	250,000(c)	(172,000)(d)	—
Net earnings (loss)	$ 1,797,919	1,521,479	322,145	279,253	(840,297)	(1,314,019)
Per share of common stock:						
Net earnings (loss) (e)	$2.12	1.77	.38	.33	(1.00)	(1.66)
Extraordinary (charge) credits included in above	$ —	—	.31	.29	(.20)	—
Cash dividends	$1.20	1.20	1.20	.60	.22½	—

See following page for notes.

LEE RUBBER & TIRE CORPORATION

Notes:

(a) Includes $955,700 of non-recurring charges resulting principally from inventory adjustments because of management's revised policy and decision to eliminate certain unprofitable activities and product lines.

(b) Gain on liquidation of foreign subsidiary, net of income taxes of $89,000.

(c) Reversal of tire plant workmen's compensation reserve due to obtaining outside insurance coverage (no income tax effect).

(d) Provision for anticipated losses on commitments and curtailment of certain operations, net of income tax benefit of $185,000. (As previously reported this amount was treated as a special item and excluded from determination of loss for year.)

(e) Based upon the number of shares of common stock outstanding at the end of the respective periods.

(f) Other income for the nine months ended July 31, 1963 includes $130,770 of interest income, principally from marketable securities.

(g) The company's Conshohocken tire plant was closed by a strike of its production employees beginning July 16, 1963 and its Republic Rubber plant at Youngstown, Ohio was closed by strike which began August 6, 1963. These strikes extended beyond the close of the company's fiscal year and as a result of these shutdowns substantial losses are expected for the fourth quarter of the company's 1963 fiscal year. In addition, because of the strike at the tire plant, the company was unable to replace tire inventories (valued by the lifo method — see note 3 of notes to financial statements) to anticipated levels prior to its year end. Accordingly, a substantial credit to earnings for the fourth quarter will arise from the involuntary liquidation of such tire inventories. Since the effect on earnings of these two matters and the related tax effects are presently undeterminable, no provision has been made for them in the accounts as of July 31, 1963.

(h) The company is defendant in a lawsuit now pending in the U. S. District Court for the Eastern District of Pennsylvania with respect to the termination of the company's salaried employees' pension plan. The outcome of this suit cannot be predicted at this time, but should the company be unsuccessful in defending the suit, it may be required to reinstate such pension payments (see note 6 to financial statements).

(i) During the fourth quarter of the company's 1962 fiscal year, as a result of the adoption of certain policies and a revised program of operations, certain write-downs and provisions for losses were made which in the opinion of management were necessary, and which materially affected the final results for the fiscal year, as compared with reported earnings for the nine months ended July 31, 1962. The statement of earnings for such 1962 period has been omitted because comparision with the 1963 nine-month period would be inappropriate. For the nine months ended July 31, 1962, net sales of the Lee and Republic Rubber Divisions were $21,769,090 and $11,706,500, respectively.

(j) For information concerning decline in sales and earnings subsequent to October 31, 1960 see Item 7 on page 5 of this Proxy Statement.

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LEE RUBBER & TIRE CORPORATION

PRO FORMA SALES AND EARNINGS DATA EXCLUDING OPERATIONS OF REPUBLIC RUBBER DIVISION (a) (Unaudited)

	Fiscal year ended October 31			Nine months ended July 31,
	1960	1961	1962	1963(c)
Total net sales	$44,298,913	44,683,337	45,592,010	23,512,353
Less Republic Rubber Division net sales	13,638,465	12,481,267	15,701,251	10,191,519
Lee Division net sales	$30,660,448	32,202,070	29,890,759	13,320,834
Total net earnings (loss)	$ 322,145	279,253	(840,297)	(1,314,019)
Less Republic Rubber Division net earnings (loss)	200,422	(46,570)	(184,166)	113,457
Lee Division net earnings (loss) (b) (d)	$ 121,723	325,823	(656,131)	(1,427,476)
Total net earnings (loss) per share of common stock	$.38	.33	(1.00)	(1.66)
Less Republic Rubber Division net earnings (loss) per share of common stock	$.24	(.05)	(.22)	.15
Lee Division net earnings (loss) per share of common stock (b) (d)	$.14	.38	(.78)	(1.81)

NOTES:

(a) The sales and earnings data of the Republic Division have generally been derived from divisional records for the respective periods. The Republic Division has been charged in the amounts of $19,413, $19,413, $36,324 and $45,000 in the respective periods 1960 through 1963 for head office administrative services. This charge, based upon management's estimate, is not necessarily all-inclusive and no representation can be made that such amounts would be adequate or excessive if the division had to supply the related services independently.

(b) No effect has been given in the pro forma earnings of the Lee Division to possible alternative use of the funds to be received on the proposed sale of the Republic Division.

(c) At July 31, 1963 based upon the above figures there was an unused 1963 operating loss of approximately $1,000,000 that may be carried forward to offset any taxable income in the next five-year period ending October 31, 1968.

(d) Lee Division net earnings include the following extraordinary items: 1960 — credit of $267,000 ($.31 per share); 1961 — credit of $250,000 ($.29 per share); and 1962 — charge of $172,000 ($.20 per share). For explanation of these items, see notes to statement of earnings.

(e) These data should be read in conjunction with the financial statements and related notes included herein.

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LEE RUBBER & TIRE CORPORATION

CONDENSED PRO FORMA BALANCE SHEET (Unaudited)

July 31, 1963

(Giving Effect to Proposed Sale of Certain Assets of Republic Rubber Division)

ASSETS

	Before sale of assets	Transactions debit (credit)	Pro Forma
Current assets:			
Cash and marketable securities	$10,961,009	3,650,554	14,611,563
Notes receivable from buyer	—	1,725,000	1,725,000
Receivables, net	3,544,539	(7,380)	3,537,159
Inventories	2,082,729	(1,668,165)	414,564
Prepaid expenses	404,452	(142,271)	262,181
Total current assets	16,992,729	3,557,738	20,550,467
Long-term notes receivable	54,147	—	54,147
Property, plant and equipment, less accumulated depreciation	8,794,673	(3,557,738)	5,236,935
	$25,841,549	—	25,841,549

LIABILITIES AND STOCKHOLDERS' EQUITY

Current liabilities	$ 1,847,664	—	1,847,664
Provision for pensions, insurance and deferred income taxes	1,749,991	—	1,749,991
Stockholders' equity	22,243,894	—	22,243,894
	$25,841,549	—	25,841,549

Notes:

(a) The pro forma balance sheet reflects as of July 31, 1963 the sale for cash and short-term notes of the inventories, property, plant and equipment, prepaid expenses and employees' advances of the Republic Rubber Division as more fully described elsewhere in this Proxy Statement. The transactions above are subject to modification and final determination at date of closing. The proposed sale will not result in any significant gain or loss on the books.

(b) These data should be read in conjunction with the financial statements and related notes included herein.

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

The Board of Directors
LEE RUBBER AND TIRE CORPORATION:

We have examined the balance sheet of Lee Rubber and Tire Corporation as of October 31, 1962, the related statement of earnings retained for use in the business for the three years then ended, and the statement of earnings for the five years then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, such financial statements present fairly the financial position of Lee Rubber and Tire Corporation at October 31, 1962 and the results of its operations for the five years then ended, in conformity with generally accepted accounting principles applied on a consistent basis.

PEAT, MARWICK, MITCHELL & CO.

Philadelphia, Pa.
December 21, 1962

LEE RUBBER & TIRE CORPORATION

BALANCE SHEET

ASSETS

	October 31, 1962	July 31, 1963 (unaudited)
Current assets:		
Cash	$ 1,233,913	1,893,100
Bank certificates of deposit and U. S. Government securities at cost and accrued interest	2,019,800	9,067,909
Receivables:		
Trade (including notes, 1962 — $238,539; 1963 — $185,664)	8,297,982	3,977,480
Other	122,847	93,602
	8,420,829	4,071,082
Less allowances for doubtful accounts and cash discounts	448,505	797,145
	7,972,324	3,273,937
Claim for refund of Federal income taxes applicable to carry-back of 1962 and 1963 operating losses	818,000	270,602
Inventories (note 3):		
Finished goods	5,010,584	993,002
Work in process	1,215,851	399,207
Raw materials	1,723,678	462,559
Supplies	359,252	227,961
	8,309,365	2,082,729
Prepaid expenses	353,061	404,452
Total current assets	20,706,463	16,992,729
Long-term notes receivable	88,411	54,147
Property, plant and equipment, at cost (note 4):		
Land and land improvements	643,969	643,969
Buildings	5,555,949	5,557,236
Machinery and equipment	13,450,070	13,935,699
Automobiles and trucks	301,153	202,729
Furniture and fixtures	616,783	572,302
Construction in progress	135,250	67,400
	20,703,174	20,979,335
Less accumulated depreciation and amortization	11,691,602	12,184,662
	9,011,572	8,794,673
	$29,806,446	25,841,549

See accompanying notes to financial statements and note (g) to the statement of earnings elsewhere in this Proxy Statement.

LEE RUBBER & TIRE CORPORATION

BALANCE SHEET

LIABILITIES AND STOCKHOLDERS' EQUITY

	October 31, 1962	July 31, 1963 (unaudited)
Current liabilities:		
Accounts and acceptances payable	$ 2,098,753	717,792
Accrued liabilities:		
Wages, commissions, bonuses, etc.	705,541	230,690
Social security, state income and other taxes	183,689	218,907
Union employees' pension trust (note 6)	310,913	230,389
Miscellaneous	185,127	277,886
	1,385,270	957,872
Provision for anticipated losses on commitments and curtailment of certain operations, estimated (note 7)	172,000	172,000
Total current liabilities	3,656,023	1,847,664
Provision for:		
Workmen's compensation self-insurance	81,058	73,056
Pensions and other insurance (note 6)	716,194	718,735
Deferred Federal income taxes (note 5)	958,200	958,200
	1,755,452	1,749,991
Stockholders' equity:		
Capital stock — $5 par value		
Authorized 975,000 shares (note 8). Issued 1962 — 948,965 shares; 1963 — 949,865 shares	4,744,825	4,749,325
Capital in excess of par value of capital stock (note 9)	6,463,435	6,472,363
Earnings retained for use in the business	14,499,513	13,185,494
	25,707,773	24,407,182
Less reacquired capital stock, at cost:		
1962 — 114,065 shares; 1963 — 162,665 shares	1,312,802	2,163,288
Total stockholders' equity	24,394,971	22,243,894
Lease commitments (note 10)		
	$29,806,446	25,841,549

See accompanying notes to financial statements and note (g) to the statement of earnings elsewhere in this Proxy Statement.

LEE RUBBER & TIRE CORPORATION

STATEMENT OF EARNINGS RETAINED FOR USE IN THE BUSINESS

	Fiscal year ended October 31			Nine months ended July 31, 1963 (unaudited)
	1960	1961	1962	
Balance at beginning of period	$16,458,064	15,754,097	15,528,521	14,499,513
Net earnings (loss) for the period	322,145	279,253	(840,297)	(1,314,019)
	16,780,209	16,033,350	14,688,224	13,185,494
Deduct cash dividends — $1.20, $.60 and $.22½ per share in 1960, 1961 and 1962, respectively	1,026,112	504,829	188,711	—
Balance at end of period	$15,754,097	15,528,521	14,499,513	13,185,494

See accompanying notes to financial statements.

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LEE RUBBER & TIRE CORPORATION

NOTES TO FINANCIAL STATEMENTS

(1) SALE OF ASSETS OF REPUBLIC RUBBER DIVISION:

As of October 31, 1963 the company entered into an agreement, subject to stockholders' approval and certain other conditions, as more fully described in the Proxy Statement, to sell the principal assets and business of the Republic Rubber Division. The selling price, estimated to be $5,500,000, will be finally determined at the closing and will be payable in cash and short-term notes. Such price is expected to approximate the book value of assets to be sold.

(2) PRINCIPLES OF CONSOLIDATION:

The financial statements as of July 31, 1963 include the accounts, after elimination of inter-company transactions, of Lee Tire Centers, Inc., a wholly-owned subsidiary incorporated in February 1963 to perform certain sales functions previously carried out by the company. The company's equity in the net assets of Lee Tire Centers, Inc. was $10[illegible]77 (unaudited) less than its investment therein and such amount has been deducted in arriving at earnings retained for use in the business at July 31, 1963.

(3) INVENTORIES — COST OF GOODS SOLD:

Inventories are stated at the lower of cost or market. As to finished tires and tubes, cost is computed on the "last-in, first-out" (LIFO) method, and as to the remainder, on either the "first-in, first-out" or "average cost" method. As of July 31, 1963 the company anticipated that LIFO inventories, which had been depleted, would be restored by October 31, 1963 to approximately the level existing at the previous year-end. Accordingly, [illegible] July 31, 1963 no adjustment was made to the LIFO reserve. Had the company's tax year ended on July 31 the LIFO reserve would have been substantially reduced by an amount estimated between $1,000,000 and $1,300,000, without consideration of related tax effect, but it is only possible to determine this amount with accuracy at the end of a taxable year. (For effect of strike on inventory replacement see note (g) of notes to "Statement of Earnings" in this Proxy Statement.)

The amounts of inventories used in computing cost of goods sold for the periods are as follows:

October 31, 1959	$11,724,456
October 31, 1960	11,920,253
October 31, 1961	10,055,193
October 31, 1962	8,309,365
July 31, 1963 (unaudited)	2,082,729

(4) PROPERTY, PLANT AND EQUIPMENT — DEPRECIATION POLICY:

Depreciation is provided on the straight-line method at rates calculated to provide for the retirement of property, plant and equipment at the end of their useful life.

The approximate average effective annual rates for depreciation and normal obsolescence with respect to the principal classes of property, plant and equipment are as follows:

Buildings	2 to 4%
Machinery and equipment	4 to 20%
Automobiles and trucks	20 to 25%
Furniture and fixtures	5 to 12½%

Maintenance and repairs are charged to earnings. Betterments which add to the efficiency or productive capacity of plant are capitalized.

(4) PROPERTY, PLANT AND EQUIPMENT — DEPRECIATION POLICY (continued):

Upon retirement or other disposition, the accounts are relieved of the asset cost and related accumulated depreciation. Resulting gains and losses are reflected in earnings.

(5) FEDERAL INCOME TAXES:

Federal income taxes charged to earnings reflect the use of straight-line depreciation for accounting purposes. Depreciation for tax purposes is computed substantially under alternative methods and by use of the new guideline lives as permitted by the Internal Revenue Service. The additional guideline depreciation for 1962, amounting to $298,000, increased the claim for tax refund by approximately $155,000. The provision for deferred Federal income taxes is the accumulated amount of tax deferrals resulting from the above and will be applied to reduce the provision for income taxes in future years when book depreciation exceeds that allowable for tax purposes.

As the company had no liability for Federal income taxes for 1962 it could not apply the investment credit relating to 1962 capital additions as allowed under the Revenue Act of 1962. However, the credit, amounting to approximately $60,000, may be carried forward to reduce future income taxes. As the company had a loss for the nine months ended July 31, 1963 it could not avail itself of a nominal investment credit applicable to capital additions during the nine months.

(6) PENSION PLANS:

Certain agreements with labor unions, effective July 1, 1961, provide for the initial funding on an actuarial basis of the pension benefits of eligible employees including those retired. Earnings for 1960, 1961, 1962 and nine months ended July 31, 1963 were charged with $240,000, $160,000, $476,000 and $304,000, respectively (of which $114,000, $85,500, $196,000 and $151,000, respectively, were applicable to the Republic Rubber Division and the balance to the Lee Division). The total unfunded past service liability as of April 1, 1963 was estimated to be $7,264,000 ($3,437,000 applicable to Republic Rubber Division) based upon the report of an independent actuary. This amount may be subject to reduction if all of the employees on strike or lay-off are not re-employed. Said unfunded past service liability is contingent and predicated on the continued existence of the above mentioned union agreements.

During the year 1962, the company contributed $91,084 ($43,198 applicable to Republic Rubber Division) in connection with a non-contributory plan to provide pension benefits for salaried employees. Since the end of the company's fiscal year, on December 21, 1962 the company discontinued all of its payments and obligations under the salaried employees' pension plan, dated as of July 1, 1943, as amended in accordance with the terms of the plan, and the company terminated the plan effective as of February 28, 1963. As a result the company has become a defendant in a lawsuit (see note (h) to statement of earnings). The amounts charged to earnings in 1960 and 1961 were $154,913 and $137,167, respectively (of which $59,186 and $59,187, respectively, were applicable to Republic Rubber Division).

As a result of its obligation to assume the Union Welfare Benefits Agreement, the proposed buyer of the Republic Rubber Division will continue the non-contributory pension plan provided thereunder and the assets of the trust fund established under such plan will continue to be utilized to provide pension benefits for the participants thereof, in accordance with the terms of the plan. The proposed sale of the Republic Rubber Division will have no effect on the company's salaried employees' pension plan dated as of July 1, 1943 as amended, since such plan has been terminated effective as of February 28, 1963; the assets in the trust fund established thereunder are being allocated to and will be utilized to provide pension benefits for the participants thereof (including those presently or formerly employed at the Republic Rubber Division), all in accordance with the terms of the plan.

LEE RUBBER & TIRE CORPORATION

NOTES TO FINANCIAL STATEMENTS (Continued)

(7) PROVISION FOR ANTICIPATED LOSSES ON COMMITMENTS, ETC.:

The company has been curtailing certain operations. The anticipated losses and expenses in connection therewith, together with losses applicable to certain commitments, were estimated to be $172,000 at October 31, 1962 after income tax benefits. At July 31, 1963 it was estimated that such amount continued to be necessary in connection with such activities.

(8) STOCK OPTION PLANS:

During 1953 an employees' stock option plan was approved by the stockholders, limited to 75,000 shares of capital stock reserved therefor. Options, exercisable after the end of the first year over a period of ten years or less, may be granted at any time prior to December 31, 1963 subject to termination of the plan by the company at any time, except as to options outstanding. No more than 7,500 shares shall be optioned to any one employee. Options were granted on June 24, 1953 for 49,500 shares at $14.92 per share, on November 16, 1953 for 14,000 shares at $20.48 per share, on October 14, 1957 for 14,875 shares at $17.93 per share, on July 20, 1960 for 4,985 shares at $17.04 per share, and on May 21, 1963 for 10,000 shares at $16.86 per share, such prices being 95% of the market price on date of granting. Options for 3,811 shares expired or were cancelled during 1962 and 8,587 shares in the nine months ended July 31, 1963.

On February 21, 1963 the stockholders approved a new restricted stock option plan, limited to 40,000 shares of capital stock held in the treasury or to be reacquired. During the nine months ended July 31, 1963, options for 28,000 shares at $16.86 per share were granted to four key executives. The options are exercisable after being held two years and expire seven years after the year in which granted. The option price of the shares is not less than 95% of the market price of the shares on the dates granted. At July 31, 1963 there were 18,560 shares available for future granting.

No charges against earnings have been made or are contemplated in connection with the foregoing stock options.

(a) Unexpired options at October 31, 1962 and July 31, 1963 were as follows:

Fiscal year granted	October 31, 1962				July 31, 1963 (unaudited)			
			Closing market price				Closing market price	
	Number of shares	Aggregate option price	Per share	Aggregate	Number of shares	Aggregate option price	Per share	Aggregate
1953	2,000	$ 29,840	15.67	31,340	—	$ —	—	—
1956	4,650	95,232	21.56	100,254	2,675	54,784	21.56	57,673
1957	7,375	132,233	18.75	138,281	4,500	80,685	18.75	84,375
1960	4,037	68,790	17.94	72,424	1,400	23,856	17.94	25,116
1963	—	—		—	38,000	640,680	17.75	674,500
	18,062	$326,095		342,299	46,575	$800,005		841,664

LEE RUBBER & TIRE CORPORATION

NOTES TO FINANCIAL STATEMENTS (Continued)

(8) STOCK OPTION PLANS (continued):

	Fiscal year ended October 31						Nine months ended July 31, 1963 (unaudited)	
	1960		1961		1962			
	Option price	Market value	Option price	Market value	Option price	Market value	Option price	Market value
(b) Shares for which options first became exercisable in period shown	5,275 shares		4,433 shares		3,397 shares		469 shares	
Option price and market value in total, at dates options became exercisable	$100,446	101,745	79,897	76,586	60,111	56,228	7,991	7,900
Average per share	$19.04	19.28	18.02	17.27	17.69	16.55	17.04	16.84
(c) Shares for which options were exercised in period shown	4,170 shares		550 shares		1,100 shares		900 shares	
Option price and market value in total, at dates of issuance for exercised options	$65,522	92,668	8,935	9,494	17,014	21,788	13,428	15,975
Average per share	$15.71	22.22	16.24	17.26	15.46	19.80	14.92	17.75

(9) CAPITAL IN EXCESS OF PAR VALUE OF CAPITAL STOCK:

The increase in capital in excess of par value of capital stock of $44,673, $6,185, $11,514 and $8,928 during 1960, 1961, 1962 and the nine months ended July 31, 1963, respectively, represents the excess of proceeds over the par value of shares sold through exercise of options.

(10) LEASE COMMITMENTS:

The Company was lessee under thirty leases expiring more than three years after October 31, 1962. Such leases call for minimum annual rentals totaling $196,000, and the lease with the longest term expires in 1976. At July 31, 1963 there were twenty-one long-term leases with annual rentals totaling $160,000. The July 31, 1963 amount does not include leases on certain properties which were sublet at approximately the same terms.

With respect to fourteen closed branches, the Company had leases expiring at various dates from 1963 through 1970. The aggregate rental for the remaining term of the leases amounts to $442,000. Nine of these branches have been sublet and the aggregate rental income for the remaining term of the sub-leases amounts to $241,000.

(11) SUPPLEMENTARY PROFIT AND LOSS INFORMATION:

	Fiscal year ended October 31			Nine months ended July 31, 1963 (unaudited)
	1960	1961	1962	
Maintenance and repairs:				
Charged to cost of goods sold	$1,123,366	1,077,743	1,190,743	548,293
Charged to other expenses	54,146	53,219	61,298	25,435
Depreciation:				
Charged to cost of goods sold	$ 696,251	709,052	767,213	648,357
Charged to other expenses	126,503	123,671	117,188	72,443

LEE RUBBER & TIRE CORPORATION

NOTES TO FINANCIAL STATEMENTS (Continued)

(11) SUPPLEMENTARY PROFIT AND LOSS INFORMATION (Continued):

	Fiscal year ended October 31			Nine months ended July 31, 1963 (unaudited)
	1960	1961	1962	
Taxes:				
Property	$ 200,193	219,065	216,091	158,581
Social security	479,531	507,655	654,313	358,736
Franchise and miscellaneous	48,527	48,913	55,743	41,525
Total	$ 728,251	775,633	926,147	558,842
Charged to cost of goods sold	$ 513,935	534,735	645,134	384,699
Charged to other expenses	214,316	240,898	281,013	174,143
Total	$ 728,251	775,633	926,147	558,842
Rents:				
Charged to other expenses	$ 331,222	365,687	357,447	282,722

There were no significant royalties or management and service contract fees during the above periods.

No. 64A

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Exhibit #64A

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Sup Plan

LEE NATIONAL CORPORATION

Notice of Annual Meeting of Shareholders

To the Shareholders of

LEE NATIONAL CORPORATION

The annual meeting of shareholders of Lee National Corporation will be held at the office of the Corporation's Transfer Agent, Morgan Guaranty Hall, 28th Floor, 15 Broad St., New York City, at 11:00 A.M. on Thursday, the 18th day of February 1965 for the following purposes:

1. To elect a Board of Directors to hold office for the ensuing year and until their successors are elected and qualify; and

2. To transact such other business as may properly come before the meeting or any adjournment or adjournments thereof.

Shareholders of record at the close of business on January 12, 1965 will be entitled to vote at the meeting.

By Order of the Board of Directors,

HARRY L. SCHUCK,
Secretary.

Dated: January 12, 1965

Please give the enclosed proxy your immediate attention.

We hope that you will attend the shareholders' meeting, but, if this is impossible, please cooperate by returning your signed proxy by return mail in the enclosed postage-paid envelope in order that the presence of a quorum be assured.

ONLY COPY AVAILABLE

PROXY STATEMENT

1. This Proxy Statement is furnished by the Management of LEE NATIONAL CORPORATION.

2. The accompanying proxy is being solicited by and on behalf of the Management of your Corporation pursuant to a resolution of the Board of Directors for use at the annual meeting of the Corporation to be held on February 18, 1965 and any adjournment or adjournments thereof. A proxy may be revoked at any time prior to its exercise at the meeting, by the shareholder giving the proxy.

3. The costs of soliciting proxies will be borne by the Corporation. Solicitation will be made primarily by mail, although proxies may also be solicited by certain officers and regular employees of the Corporation by telephone, telegraph or personal interview, and brokerage houses and other custodians, nominees and fiduciaries will be requested to forward soliciting material to beneficial owners of stock held of record by such persons. In addition, the Corporation has retained Georgeson & Co., of New York, New York to aid in solicitation of proxies. For these services the Corporation has agreed to pay a sum estimated at not more than $2,500 including out-of-pocket expenses. The Corporation will reimburse brokers and other nominees for their expenses in forwarding soliciting material, which are estimated not to exceed $500.

4. Holders of record at the close of business on January 12, 1965, of outstanding Capital Stock of the Corporation are entitled to vote at this meeting. This Corporation has outstanding 765,565 shares of Capital Stock. Each share of stock is entitled to one vote. The only owners of record or beneficially of more than 10% of the outstanding Capital Stock known to the Management other than those set forth in footnote (1) in paragraph 5 are Salkeld & Co., which is the owner of record of 127,030 shares or 16.59% of the Corporation's Capital Stock; Salkeld & Co. disclaims beneficial ownership of such shares and has informed the Management that none of the beneficial owners of such shares owns more than 10% of the outstanding shares of the Corporation.

5. *Nominees for Directors.* The shareholders will be asked to vote for nine directors, to serve for the term of the ensuing year and until their successors are elected and qualify. It is intended that the persons named in the accompanying proxy will vote your stock in favor of the nominees listed below, all of whom, with the exception of Emil Popper, are at present members of the Board of Directors and have been recommended for re-election by the Management. The names of the nominees, the positions and offices, if any, with the Corporation presently held by each nominee, all other principal occupations or employment, if any, during the last five years of each nominee not previously elected as a director by the shareholders, the date since when each nominee has been a director, and the number of shares of Capital Stock beneficially owned directly or indirectly as of January 4, 1965 by each nominee, as reported to the Corporation by each such nominee, are set forth below.

Name	Any Other Position or Office with the Corporation and Principal Occupation	Director Since	Shares of the Stock of the Corporation Beneficially Owned as of Jan. 4, 1965
*Maurice M. Clairmont	Chairman of Board of Directors and President	July 25, 1962	87,040(1)
Herman P. Edelman(1)	Partner, A. P. Bersohn, Certified Public Accountants, New York, N. Y.	July 25, 1962	100
*John D. Garrett	Vice President	Oct. 9, 1962	400(2)
*Willard L. Heinrich	Executive Vice President, Treasurer and Assistant Secretary	Dec. 21, 1962	3,000
*Cyrus C. Hoffman(1)	Attorney, New York, N. Y.	Feb. 23, 1962	100
Thomas W. McMahon, Jr.	Senior Vice President, The Chase Manhattan Bank, New York, N. Y.	July 25, 1962	100
*Edward J. Scheider	Vice President, Clark, Dodge & Co., Inc., Members New York Stock Exchange, New York, N. Y.	July 25, 1962	1,000
Harry L. Schick	Secretary	Feb. 20, 1964	4,000
Emil Popper	President, Oil and Chemical Products, Inc., manufacturing and dealing in aromatic hydrocarbons and fine chemicals, New York, N. Y.	**	100

* Members of Executive Committee. ** Has not previously been a Director.

(1) Mornay Corporation, of which Maurice M. Clairmont is President and a Director, Herman P. Edelman is Treasurer and a Director, and Cyrus C. Hoffman is Secretary and a Director, was as of January 4, 1965, the beneficial owner of 120,000 shares or 15.67% of the Corporation's Capital Stock (which are owned of record but not beneficially by Gansel and Company). Clairdale Enterprises, Inc., of which Maurice M. Clairmont is President and a Director and Cyrus C. Hoffman is Secretary and a Director was, as of said date, the beneficial owner of 3,300 shares of the Corporation's Capital Stock. Maurice M. Clairmont owns directly 30% of the common stock of Mornay Corporation, 92.13% of the common stock of Clairdale Enterprises, Inc. and also owns directly 48,000 shares of the Corporation's Capital Stock. Darfina A.G. owns directly 35% of the common stock of Mornay Corporation and also owns directly 66,500 shares of the Corporation's Capital Stock. Matignon N.V. owns directly 35% of the common stock of Mornay Corporation and also owns directly 66,500 shares of the Corporation's Capital Stock. Egger & Company, as nominee, owns of record but not beneficially as of said date 79,350 shares of the Corporation's Capital Stock, of which 66,500 shares are beneficially owned directly by Darfina A.G. as set forth above. Except as stated herein, the persons mentioned above in this footnote do not own any stock of record not owned beneficially.

After giving effect to such indirect beneficial ownership of the Capital Stock of the Corporation, Mr. Clairmont owns beneficially directly or indirectly, the number of shares of Capital Stock of the Corporation set forth opposite his name, constituting 11.37% of the Corporation's Capital Stock, Darfina A.G. owns beneficially, directly or indirectly, 108,500 shares, constituting 14.17% of the Corporation's Capital Stock, and Matignon N.V. owns beneficially, directly or indirectly, 108,500 shares, constituting 14.17% of the Corporation's Capital Stock.

In addition to the foregoing, Mr. Clairmont is the Trustee of two trusts for the benefit of his children, in which he has no beneficial interest, which own in the aggregate 2,000 shares of the Corporation's Capital Stock as of said date and Mr. Clairmont's wife (who also owns 7.87% of the common stock of Clairdale Enterprises, Inc.) was the beneficial owner at that date of 3,700 shares of the Corporation's Capital Stock, in which Mr. Clairmont has no beneficial interest.

(2) In addition, Mr. Garrett's wife was the beneficial owner on January 4, 1965, of 400 shares of the Corporation's Capital Stock, in which Mr. Garrett has no beneficial interest.

In the event any of the above-named nominees for the office of director becomes unable to accept nomination or election, it is intended that the persons named in the proxy will vote for the election of such other persons for such office as they may deem advisable.

6. *Information Relative to Remuneration and Other Transactions with Directors, Nominees, Officers and Others.*

A. Remuneration from the Corporation and its Subsidiaries to those Directors and those Officers of the Corporation and its Subsidiaries who received over $30,000 for the fiscal year ended October 31, 1964 on an accrual basis.

Name and Capacity	Aggregate Remuneration
M. M. Clairmont ..... Chairman of the Board of Directors, President and Director	$ 54,000(1)
E. R. Zacharias ..... General Manager Republic Rubber Division	33,149(2)
W. L. Heinrich ..... Executive Vice-President, Treasurer, Assistant Secretary and Director	30,000
All Directors and Officers of the Corporation as a Group	208,784(3)

(1) On July 1, 1963 the Corporation entered into an employment agreement with M. M. Clairmont as its chief executive officer at a salary of $54,000 per annum for a term expiring June 30, 1968 subject to earlier termination in certain events.

(2) Employment terminated December 20, 1963, as a result of sale of Republic Rubber Division on that date.

(3) Included in the aforementioned aggregate remuneration is the amount of $56,183 paid during the fiscal year to officers and directors no longer employed by the Corporation in such capacity.

B. Stock Options.

From November 1, 1963 through January 4, 1965, no stock options for the purchase of the Corporation's $5.00 par value capital stock were granted to any of the persons named in paragraph A, nor to any other Director or Officer of the Corporation. During that same period, none of the persons named in paragraph A exercised any options for the purchase of the Corporation's capital stock. During the same period, a former Officer of the Corporation exercised stock options pursuant to the Employees'

Stock Option Plan of 1953 for the purchase of 2,600 shares of Capital Stock for $46,873, the market value of such shares on the dates of purchase being $54,662. No other Director or Officer of the Corporation exercised any stock options with respect to the Corporation's capital stock during that period.

7. The annual meeting of shareholders is called for the transaction of the above stated business and for the transaction of such other business as may properly come before the meeting although, as of the date of this Proxy Statement, the only business which the Management intends to present or knows that others will present, and concerning which the proxy will be exercised or used for the purpose of a quorum at the meeting or any adjournment thereof, is as set forth above. However, if any other matters not now known properly come before the meeting, it is intended that the persons named in the proxy, or their substitutes, will vote your stock in accordance with their best judgment on such matters. All shares of stock represented by duly executed proxies received by the Corporation will be voted at the meeting by the persons named in the proxy or their substitutes.

By Order of the Board of Directors,

HARRY L. SCHICK,
Secretary.

Dated: January 12, 1965

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Copy to: Mr. Burdon
Mr. Bommarito
Mr. Patterso

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LEE NATIONAL CORPORATION
545 Madison Avenue
New York, N. Y. 10022

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July 14, 1965

To Our Shareholders:

We are pleased to advise you that following approval by about 89% of our shareholders at a special meeting of shareholders held June 25, 1965, the transactions set forth in the Agreement between our company and The Goodyear Tire & Rubber Company dated March 1, 1965, about which you have previously been informed, have been consummated on July 7, 1965.

Sincerely,

Lee National Corporation

Chairman of the Board

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LEE NATIONAL CORPORATION

Notice of Annual Meeting of Shareholders

To the Shareholders of

LEE NATIONAL CORPORATION

The annual meeting of shareholders of Lee National Corporation will be held at the office of the Corporation's Transfer Agent, Morgan Guaranty Hall, 28th Floor, 15 Broad St., New York City, at 11:00 A.M. on Thursday, the 17th day of February 1966 for the following purposes:

1. To elect a Board of Directors to hold office for the ensuing year and until their successors are elected and qualify;

2. To consider and act upon amending Article THIRD of the Corporation's Certificate of Incorporation, substantially as set forth in Item 7 of the annexed Proxy Statement to reclassify the Capital Stock into Common Stock and authorize the issuance of Preferred Stock;

3. To consider and act upon amending Article THIRD of the Corporation's Certificate of Incorporation, substantially as set forth in Item 7 of the annexed Proxy Statement, to increase the authorized Common Stock to 1,500,000 shares; and

4. To transact such other business as may properly come before the meeting or any adjournment or adjournments thereof.

Shareholders of record at the close of business on January 10, 1966 will be entitled to vote at the meeting.

By Order of the Board of Directors,

CYRUS C. HOFFMAN,
Secretary.

Dated: January 10, 1966

Please give the enclosed proxy your immediate attention.

We hope that you will attend the shareholders' meeting, but, if this is impossible, please cooperate by returning your signed proxy by return mail in the enclosed postage-paid envelope in order that the presence of a quorum be assured.

PROXY STATEMENT

1. This Proxy Statement is furnished by the Management of LEE NATIONAL CORPORATION.

2. The accompanying proxy is being solicited by and on behalf of the Management of your Corporation pursuant to a resolution of the Board of Directors for use at the annual meeting of the Corporation to be held on February 17, 1966 and any adjournment or adjournments thereof. A proxy may be revoked at any time prior to its exercise at the meeting, by the shareholder giving the proxy.

3. The costs of soliciting proxies will be borne by the Corporation. Solicitation will be made primarily by mail, although proxies may also be solicited by certain officers and regular employees of the Corporation by telephone, telegraph or personal interview, and brokerage houses and other custodians, nominees and fiduciaries will be requested to forward soliciting material to beneficial owners of stock held of record by such persons. In addition, the Corporation has retained Georgeson & Co., of New York, New York to aid in solicitation of proxies. For these services the Corporation has agreed to pay a sum estimated at not more than $2,500 including out-of-pocket expenses. The Corporation will reimburse brokers and other nominees for their expenses in forwarding soliciting material, which are estimated not to exceed $500.

4. Holders of record at the close of business on January 10, 1966, of outstanding Capital Stock of the Corporation are entitled to vote at this meeting. The Corporation has outstanding 588,605 shares of Capital Stock. Each share of stock is entitled to one vote. The only owners of record or beneficially of more than 10% of the outstanding Capital Stock known to the Management are those set forth in footnote (1) to Item 5 of this Proxy Statement.

5. *Nominees for Directors.* The shareholders will be asked to vote for nine directors, to serve for the term of the ensuing year and until their successors are elected and qualify. It is intended that the persons named in the accompanying proxy will vote your stock in favor of the nominees listed below, all of whom, with the exception of E. Milo Greene, are at present members of the Board of Directors and have been recommended for re-election by the Management. The names of the nominees, the positions and offices, if any, with the Corporation presently held by each nominee, all other principal occupations or employment, if any, during the last five years of each nominee not previously elected as a director by the shareholders, the date since when each nominee has been a director, and the number of shares of Capital Stock beneficially owned directly or indirectly as of January 3, 1966 by each nominee, as reported to the Corporation by each such nominee, are set forth below.

Name	Any Other Position or Office with the Corporation and Principal Occupation	Director Since	Shares of the Stock of the Corporation Beneficially Owned as of Jan. 3, 1966
*Maurice M. Clairmont	Chairman of Board of Directors and President	July 25, 1962	87,360(1)
Herman P. Edelman(1)	Partner, A. P. Bersohn, Certified Public Accountants, New York, N. Y.	July 25, 1962	100
*John D. Garrett	Vice President	Oct. 9, 1962	480(2)
*Willard L. Heinrich	Executive Vice President, Treasurer and Assistant Secretary	Dec. 21, 1962	3,140(2)
*Cyrus C. Hoffman(1)	Secretary — Attorney, New York, N. Y.	Feb. 23, 1962	100
Thomas W. McMahon, Jr.	Senior Vice President, The Chase Manhattan Bank (National Association), New York, N. Y.	July 25, 1962	100
*Edward J. Scheider	Vice President, Clark, Dodge & Co., Inc., Members New York Stock Exchange, New York, N. Y.	July 25, 1962	1,000
Emil Popper	President, Oil and Chemical Products, Inc., manufacturing and dealing in aromatic hydrocarbons and fine chemicals, New York, N. Y.	Feb. 18, 1965	100(2)
E. Milo Greene	Senior Partner, H. Hentz & Co., Members New York Stock Exchange, New York, N. Y.	**	100

* Members of Executive Committee. ** Has not previously been a Director.

(1) Mornay Corporation, of which Maurice M. Clairmont is President and a Director, Herman P. Edelman is Treasurer and a Director, and Cyrus C. Hoffman is Secretary and a Director, was as of January 3, 1966 the beneficial owner of 120,000 shares or 20.39% of the Corporation's Capital Stock (all of which are owned of record but not beneficially by Gansel & Co., as nominee). Under an agreement between Mornay Corporation, M. M. Clairmont, Darfina, A. G. and Matignon, N. V., all of them will, at the request of any such parties, give to Mornay Corporation or its designee or any other designee of the parties, proxies to vote their respective shares in the Corporation at any stockholders' meeting of the Corporation.

As of January 3, 1966 Maurice M. Clairmont owned directly 48,320 shares of the Corporation's Capital Stock; he also owned directly 30% of the Common Stock of Mornay Corporation (which owns, as set forth above, 120,000 shares of the Corporation's Capital Stock) and owned directly 92.13% of the Common Stock of Clairdale Enterprises, Inc., which owns 3,300 shares of the Corporation's Capital Stock.

In addition to the foregoing, Mr. Clairmont is the Trustee of two trusts for the benefit of his children, in which he has no beneficial interest, which own in the aggregate 2,000 shares of the Corporation's Capital Stock as of said date and Mr. Clairmont's wife (who also owns 7.87% of the Common Stock of Clairdale Enterprises, Inc.) was the beneficial owner at that date of 3,700 shares of the Corporation's Capital Stock, in which Mr. Clairmont has no beneficial interest. (Hurley & Co., as nominee, owns of record but not beneficially 67,020 shares of the Corporation's Capital Stock, including all of the aforementioned shares owned by Mr. Clairmont, his wife and one of the two aforementioned trusts.)

Darfina, A. G. owned directly as of January 3, 1966 66,500 shares of the Corporation's Capital Stock and also owned directly 35% of the Common Stock of Mornay Corporation which owns as set forth above 120,000 shares of the Corporation's Capital Stock. (Egger & Co., as nominee, owns of record but not beneficially 66,500 shares of the Corporation's Capital Stock, all of which are beneficially owned by Darfina, A. G. as set forth above.)

Matignon, N. V., as of January 3, 1966 owned directly 66,500 shares of the Corporation's Capital Stock and also owned directly 35% of the Common Stock of Mornay Corporation which owns as set forth above 120,000 shares of the Corporation's Capital Stock.

After giving effect to such indirect beneficial ownership of Capital Stock of the Corporation, as of January 3, 1966 Mr. Clairmont owned beneficially, directly or indirectly, 14.84% of the Corporation's Capital Stock, Darfina, A. G. owned beneficially, directly or indirectly, 18.43% of the Corporation's Capital Stock and Matignon, N. V. owned beneficially, directly or indirectly, 18.43% of the Corporation's Capital Stock.

(2) In addition, Mr. Garrett's wife was the beneficial owner on January 3, 1966 of 600 shares of the Corporation's Capital Stock, in which Mr. Garrett has no beneficial interest.

In addition, Mr. Heinrich's wife was the beneficial owner on January 3, 1966 of 2,000 shares of the Corporation's Capital Stock in which Mr. Heinrich has no beneficial interest.

In addition, Mr. Popper's wife was the beneficial owner on January 3, 1966 of 1,000 shares of the Corporation's Capital Stock in which Mr. Popper has no beneficial interest.

In the event any of the above-named nominees for the office of director becomes unable to accept nomination or election, it is intended that the persons named in the proxy will vote for the election of such other persons for such office as they may deem advisable.

6. ***Information Relative to Remuneration and Other Transactions with Directors, Nominees, Officers and Others.***

A. Remuneration from the Corporation and its Subsidiaries to those Officers of the Corporation and its Subsidiaries who received over $30,000 for the fiscal year ended October 31, 1965 on an accrual basis.

Name and Capacity	Aggregate Remuneration
M. M. Clairmont ..... Chairman of the Board of Directors and President	$ 54,000(1)
W. L. Heinrich ..... Executive Vice-President, Treasurer, Assistant Secretary and Director	34,583
All Directors and Officers of the Corporation as a Group	147,150

(1) On July 1, 1963 the Corporation entered into an employment agreement with M. M. Clairmont as its chief executive officer at a salary of $54,000 per annum for a term expiring June 10, 1968 subject to earlier termination in certain events.

B. Stock Options

From November 1, 1964 through January 3, 1966, no stock options for the purchase of the Corporation's $5 par value Capital Stock were granted to any of the persons named in paragraph A, nor to any other Director or Officer of the Corporation. During that same period, M. M. Clairmont, named in

paragraph A, exercised a stock option pursuant to the Employees' Stock Option Plan of 1953 for the purchase of 420 shares of Capital Stock for $7,082, the market value of such shares on the date of purchase being $10,500, and W. L. Heinrich, named in paragraph A, exercised a stock option pursuant to the Employees' Stock Option Plan of 1953 for the purchase of 140 shares of Capital Stock for $2,360, the market value of such shares on the date of purchase being $3,500, and all Officers and Directors as a group exercised stock options pursuant to the Employees' Stock Option Plan of 1953 for the purchase of 3,340 shares of Capital Stock for $56,320 the aggregate market value of such shares on the dates of purchase being $77,245.

7. *Proposals to Amend the Certificate of Incorporation.* The authorized capital stock of the Corporation now consists of 975,000 shares of Capital Stock of $5 par value each. A total of 932,915 shares have been issued, of which 588,605 shares were outstanding and 364,310 shares were held in the Treasury of the Corporation as of January 3, 1966 (which Treasury shares include 43,360 shares reserved for issuance to satisfy stock options). The Corporation has over the years purchased shares for its Treasury when the price seemed attractive to have them available for issuance pursuant to stock options and for use in possible acquisitions. Most of such shares were purchased on the New York Stock Exchange or the American Stock Exchange except that in February 1965 a block of 162,400 shares was purchased off the market and in October 1965 a block of 12,600 shares was purchased off the market; in each case such shares were purchased at approximately the then market price, following offers for sale to the Corporation. None of the Officers or Directors of the Corporation had any beneficial interest in such purchased shares.

The Board of Directors has adopted a resolution proposing that Article THIRD of the Corporation's Certificate of Incorporation relating to the authorized shares of stock be amended in substance as follows:

A. To change the presently authorized shares of Capital Stock of $5 par value each into the same number of shares of Common Stock of $5 par value each and to authorize the issuance of up to 100,000 shares of Preferred Stock of $100 par value each. As permitted by the New York Business Corporation Law, the Board of Directors would be empowered to issue the Preferred Stock in series, and to determine the number, designation, relative rights, preferences and limitations of the shares of each series. Among the determinations to be made by the Board of Directors for each series would be (i) the dividend rate, and whether dividends would be cumulative; (ii) whether there would be conversion rights, and the terms of any conversion; (iii) whether and the extent to which, there would be voting rights, which might include the right to elect a specified number of Directors in any case or if dividends on such series were not paid for a specified period of time; (iv) the extent of liquidation rights, and whether there would be any preference with respect to such rights; and (v) whether the Corporation would have the right to redeem such shares, and the terms of any redemption. These determinations would be made by the Board at the time it established a particular series and would take

into account the circumstances pertinent at that time. Before any series would be issued a certificate would be filed pursuant to the New York Business Corporation Law, setting forth the number of shares and the designation, relative rights, preferences and limitations of that series as fixed by the Board.

B. To increase the Corporation's authorized Common Stock to a total of 1,500,000 shares of $5 par value each.

The Board of Directors believes it to be in the best interests of the Corporation to amend the Corporation's Certificate of Incorporation as aforementioned in order to have additional shares of Common Stock as well as Preferred Stock available for issuance when it may be desirable to meet possible future developments in connection with the Corporation's program of seeking to acquire businesses and for other corporate purposes. If the aforementioned authorization were postponed until specific needs arose, in addition to the delay and expense involved, the Corporation would be deprived of flexibility in negotiation and of the possibility of consummating a desirable acquisition, since in certain cases prompt action is essential. Such flexibility and the possibility to act promptly will be available if the shareholders authorize the proposed amendments.

If the proposed amendments are adopted, the Common and Preferred Stock could be issued in the discretion of the Board of Directors for any corporate purpose without further action by the shareholders. Among the purposes for which stock could be issued is the acquisition of desirable businesses, properties or securities or the sale of shares for cash in circumstances where the Board of Directors deem such action to be in the best interests of the shareholders. The flexibility inherent in having authority available to the Board to issue such shares, and in addition with respect to preferred shares to vary such provisions as dividend rates and conversion rights to meet the circumstances of a particular transaction in order to make it possible, will be advantageous to the Corporation in any negotiations involving the issuance of stock.

The adoption of the proposed amendments will not affect any preemptive rights the shareholders may have under the New York Business Corporation Law. Under the New York Business Corporation Law the shareholders of the Corporation have, in general, preemptive rights to subscribe for and purchase pro rata any additional shares which the Corporation may propose to issue in the future, except, however, that there are no preemptive rights to subscribe for or purchase Treasury shares or shares issued to effect a merger or consolidation or for consideration other than cash or to satisfy option rights approved by the shareholders.

Any issuance of additional shares of Common Stock would to such extent dilute the voting rights of the holders of Common Stock and may or may not dilute the asset value per share of Common Stock depending upon the issuance price of the additional shares. Any additional shares of Common Stock outstanding at any time may reduce the earnings per share of Common Stock unless such additional shares are issued in connection with a transaction to acquire a business having sufficient earnings

to offset the dilution caused by the issuance of the additional shares. If any preferred shares are issued which are convertible into Common Stock the foregoing would also apply to the Common Stock at any time, resulting from the conversion of the preferred shares, and if the preferred shares are given any voting rights they would to such extent dilute the voting rights of the holders of the Common Stock.

Under the rules of the American Stock Exchange on which the Capital Stock of the Corporation is now listed shareholder approval is a prerequisite to the listing of new or additional securities to be issued for (a) options to officers, directors or key employees (b) acquisition of the stock or assets of another company if (i) any director, officer or substantial stockholder of the Corporation has any interest, directly or indirectly, in the company or assets to be acquired or in the consideration to be paid on the transaction or (ii) the acquisition will result directly or indirectly in an increase of 20% or more in the number of outstanding shares of the listed class of stock or (iii) the market value of the additional shares to be issued plus the fair value of any other consideration to be paid in the transaction equals 20% or more of the aggregate market value of the outstanding shares of the listed class of stock. Should any of such contingencies arise where a listing is sought, the Corporation would at the time solicit proxies to secure shareholder approval.

The Corporation is in the process of conducting various discussions and negotiations seeking to acquire businesses but at this time it is not possible to predict the outcome of such negotiations and if the acquisition of a business materializes it is not possible to predict the terms and conditions thereof or the amount and terms and conditions of any shares of Preferred or Common Stock that may be issued in connection therewith. The Corporation does not presently have any plans, arrangements, commitments or understandings regarding the issuance of any additional shares of Common Stock or of any Preferred Stock nor is the maximum limits or range of limits expected to be placed on the proposed Preferred Stock or the terms thereof now known. The affirmative vote at the meeting of the holders of a majority of all of the outstanding shares is required to adopt the proposals with respect to the amendments to Article THIRD of the Corporation's Certificate of Incorporation and to authorize such increase and amendments. The Corporation will put into effect whichever or both of the proposals so submitted as are approved by the shareholders. Accordingly, the shareholders of the Corporation are requested to vote to authorize the change of the presently authorized shares of Capital Stock of $5 par value each into the same number of shares of Common Stock of the par value of $5 each and to authorize the issuance of Preferred Stock as set forth in A above, and to increase the authorized Common Stock as set forth in B above, by authorizing the amendments of Article THIRD of the Certificate of Incorporation with respect to the authorized Capital Stock to read substantially as follows:

"THIRD. A. The aggregate number of shares which the Corporation shall have authority to issue is 1,600,000 shares, consisting of:

1. 1,500,000 shares of Common Stock having a par value of $5 per share; and
2. 100,000 shares of Preferred Stock having a par value of $100 per share.

B. (1) The Board of Directors is authorized, subject to limitations prescribed by law and the provisions of this sub-section B, to provide for the issuance of the preferred shares in series, and by filing a certificate pursuant to the Business Corporation Law, to establish the number of shares to be included in each such series and to fix the designation, relative rights, preferences and limitations of the shares of each such series. The authority of the Board with respect to each series shall include, but not be limited to, determination of the following:

(a) The number of shares constituting that series and the distinctive designation of that series;

(b) The dividend rate on the shares of that series, whether dividends shall be cumulative, and if so, from which date or dates;

(c) Whether and to what extent that series shall have voting rights in addition to the voting rights provided by law which might include the right to elect a specified number of Directors in any case or if dividends on such series were not paid for a specified period of time, and if so, the terms of such voting rights;

(d) Whether that series shall have conversion privileges, and if so, the terms and conditions of such conversion, including provision for adjustment of the conversion rate in such events as the Board of Directors shall determine;

(e) Whether or not the shares of the series shall be redeemable, and if so, the terms and conditions of such redemption including the date or dates upon or after which they shall be redeemable, and the amount per share payable in case of redemption, which amount may vary under different conditions and different redemption rates;

(f) The rights of the shares of that series in the event of voluntary or involuntary liquidation, dissolution or winding up of the Corporation;

(g) Any other relative rights, preferences and limitations of that series.

(2) Dividends on outstanding preferred shares shall be declared and paid, or set apart for payment, before any dividends shall be declared and paid or set apart for payment on the common shares with respect to the same dividend period."

8. The consolidated financial statements contained in the Annual Report of the Corporation for the year ended October 31, 1965 being sent to the shareholders herewith are incorporated herein by reference.

9. The annual meeting of shareholders is called for the transaction of the above stated business and for the transaction of such other business as may properly come before the meeting although

as of the date of this Proxy Statement, the only business which the Management intends to present or knows that others will present, and concerning which the proxy will be exercised or used for the purpose of a quorum at the meeting or any adjournment thereof, is as set forth above. However, if any other matters not now known properly come before the meeting, it is intended that the persons named in the proxy, or their substitutes, will vote your stock in accordance with their best judgment on such matters. All shares of stock represented by duly executed proxies received by the Corporation will be voted at the meeting by the persons named in the proxy or their substitutes.

By Order of the Board of Directors,

CYRUS C. HOFFMAN
Secretary

Dated: January 10, 1966

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JAN 21 1966
OFFICE OF COMPTROLLER

LEE NATIONAL CORPORATION
545 Madison Avenue
New York, N. Y. 10022

PTO #684

TM 18

January 19, 1966

To Shareholders:

This is to advise you that on January 17, 1966, the company's Conshohocken, Pennsylvania tire plant, machinery and equipment and related fixed assets together with its Bryn Mawr, Pennsylvania store premises were sold to Lee Tire & Rubber Company (a wholly owned subsidiary of The Goodyear Tire & Rubber Company) for a cash consideration of $4,111,336.45 pursuant to the terms of the option granted to the purchasers as part of the lease for such assets made to them on July 7, 1965.

Such funds were immediately temporarily invested in bank certificates of deposit similar to other such investments the company presently holds, pending the utilization of these funds in an active business or businesses.

Yours very truly,

Lee National Corporation

Chairman of the Board

Copy to: President Burdon
Vice President Bommarito
General Counsel Patterson

ONLY COPY AVAILABLE

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LEE NATIONAL CORPORATION

TM 19

Notice of Annual Meeting of Shareholders

PTO #69A

To the Shareholders of
LEE NATIONAL CORPORATION

The annual meeting of shareholders of Lee National Corporation will be held at the office of the Corporation's Transfer Agent, Morgan Guaranty Hall, 28th Floor, 15 Broad St., New York City, at 11:00 A.M. on Thursday, the 15th day of February 1968 for the following purposes:

1. To elect directors to hold office for the ensuing year and until their successors are elected and qualify.

2. To transact such other business as may properly come before the meeting or any adjournment or adjournments thereof.

The transfer books of the Corporation will not be closed, but only shareholders of record at the close of business on January 10, 1968 will be entitled to vote at the meeting.

By Order of the Board of Directors,

CYRUS C. HOFFMAN,
Secretary.

Dated: New York, New York, January 10, 1968

Please give the enclosed proxy your immediate attention.

We hope that you will attend the shareholders' meeting, but, if this is not possible, please cooperate by signing and dating the accompanying proxy and returning it by return mail in the enclosed postage-paid envelope that the presence of a quorum may be assured.

PROXY STATEMENT

1. This Proxy Statement is furnished by the Management of LEE NATIONAL CORPORATION.

2. The accompanying proxy is being solicited by and on behalf of the Management of your Corporation pursuant to a resolution of the Board of Directors for use at the annual meeting of the Corporation to be held on February 15, 1968 and any adjournment or adjournments thereof. A proxy may be revoked at any time prior to its exercise at the meeting, by the shareholder giving the proxy. A proxy when executed and not so revoked, will be voted and will be voted as specified.

3. The cost of soliciting proxies will be borne by the Corporation. Solicitation will be made primarily by mail, although proxies may also be solicited by certain officers and regular employees of the Corporation by telephone, telegraph or personal interview, and brokerage houses and other custodians, nominees and fiduciaries will be requested to forward soliciting material to beneficial owners of stock held of record by such persons. In addition, the Corporation has retained Georgeson & Co., of New York, New York to aid in solicitation of proxies. For these services the Corporation has agreed to pay a sum estimated at not more than $2,500 including out-of-pocket expenses. The Corporation will reimburse brokers and other nominees for their expenses in forwarding soliciting material, which are estimated not to exceed $500.

4. Holders of record at the close of business on January 10, 1968, of outstanding Common Stock of the Corporation are entitled to vote at this meeting. The Corporation has outstanding 1,207,930 shares of Common Stock. Each share of stock is entitled to one vote. On December 22, 1967, Franchard Corporation purchased from Darfina, A.G., Matignon, N.V. and certain other stockholders 272,500 shares of the Corporation's Common Stock at a price of $16.75 per share and all the capital stock of Mornay Corporation (which owns 240,000 shares or 19.87% of the Corporation's Common Stock) which together with approximately 46,400 shares of the Corporation's Common Stock also owned by Franchard Corporation, constitutes a total of 558,900 shares or 46.27% of the Corporation's Common Stock owned, directly or indirectly, by Franchard Corporation as of December 27, 1967 (of which 240,000 shares are owned of record, but not beneficially, by Gansel & Co., as nominee) resulting in a change in the controlling stockholders of the Corporation (see footnote (1) to Item 5 of this Proxy Statement). On December 22, 1967 the closing price for the Corporation's Common Stock on the American Stock Exchange was $16 per share. The only agreement known to the Management with respect to the election of Directors or Officers of the Corporation is set forth in footnote (1) to Item 5 of this Proxy Statement. The only other owners of record or beneficially of more than 10% of the outstanding Common Stock known to the Management are those set forth in footnote (1) to Item 5 of this Proxy Statement.

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5. *Nominees for Directors.* The shareholders will be asked to vote for nine directors, to serve for the term of the ensuing year and until their successors are elected and qualify. It is intended that the persons named in the accompanying proxy will vote your stock in favor of the nominees listed below, all of whom with the exception of Francis S. Levien, Victor Nemeroff and Norman Spelke, are at present members of the Board of Directors and have been recommended for re-election by the Management. The names of the nominees, the positions and offices, if any, with the Corporation presently held by each nominee, all other principal occupation or employment, if any, during the last five years of each nominee not previously elected as a director by the shareholders, the date since when each nominee has been a director, and the number of shares of Common Stock beneficially owned directly or indirectly as of December 27, 1967 by each nominee, as reported to the Corporation by each such nominee, are set forth below.

Name	Any Other Position or Office with the Corporation and Principal Occupation	Director Since	Shares of the Common Stock of the Corporation Beneficially Owned as of December 27, 1967
*Maurice M. Clairmont	Chairman of Board of Directors and President	July 25, 1962	137,800(1)(2)
*John D. Garrett	Vice President	Oct. 9, 1962	800(2)
*Willard L. Heinrich	Executive Vice President, Treasurer and Assistant Secretary	Dec. 21, 1962	2,000(2)
*Cyrus C. Hoffman	Secretary — Attorney, New York, N. Y.	Feb. 23, 1962	200
*Edward J. Scheider	Vice President, Clark Dodge & Co., Inc., Members New York Stock Exchange, New York, N. Y.	July 25, 1962	2,000
E. Milo Greene	Senior Partner, H. Hentz & Co., Members New York Stock Exchange, New York, N. Y.	Feb. 17, 1966	200
Francis S. Levien	President, Member of Executive Committee and Director of Universal American Corporation, manufacturers of automotive, air conditioning, refrigeration and heating equipment parts, machine tools, roller bearings and other diversified products for industry, New York, N. Y., and Chairman of the Board of Franchard Corporation, owners and operators of real estate, New York, N. Y.	••	100(1)(2)

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Name	Any Other Position or Office with the Corporation and Principal Occupation	Director Since	Shares of the Common Stock of the Corporation Beneficially Owned as of December 27, 1967
Victor Nemeroff	Chairman of the Board and Secretary of Electro Engineering Products Co., Inc., manufacturer of electric motors and power tools, Chicago, Ill., and Director of Franchard Corporation, owners and operators of real estate, New York, N. Y.	••	100(1)
Norman Spelke	Executive Vice President, Member of Executive Committee and Director of Universal American Corporation, manufacturers of automotive, air conditioning, refrigeration and heating equipment parts, machine tools, roller bearings and other diversified products for industry, New York, N. Y., and Director of Franchard Corporation, owners and operators of real estate, New York, N. Y.	••	100

• Members of Executive Committee. •• Has not previously been a director.

(1) As of December 27, 1967, Maurice M. Clairmont owned, directly, 137,800 shares of the Corporation's Common Stock; he also owned, directly, 92.13% of the Common Stock of Clairdale Enterprises, Inc., which owns 6,600 shares of the Corporation's Common Stock. After giving effect to such indirect beneficial ownership of the Corporation's Common Stock, Mr. Clairmont owned as of December 27, 1967 beneficially, directly or indirectly, a total of 143,881 shares or 11.91% of the Corporation's Common Stock. (Hurley & Co., as nominee, owns of record but not beneficially 165,800 shares of the Corporation's Common Stock, including the aforementioned shares owned directly by Mr. Clairmont.)

Francis S. Levien owned directly as of December 27, 1967, 100 shares of the Corporation's Common Stock and also owned 5.70% of the Capital Stock of Franchard Corporation which owns, directly or indirectly, as set forth above, 558,900 shares of the Corporation's Common Stock. After giving effect to such indirect beneficial ownership of the Corporation's Common Stock, Mr. Levien owned as of December 27, 1967 beneficially, directly or indirectly, a total of 31,957 shares or 2.65% of the Corporation's Common Stock.

Victor Nemeroff owned directly as of December 27, 1967, 100 shares of the Corporation's Common Stock and also owned approximately 1.89% of the Capital Stock of Franchard Corporation which owns, directly or indirectly, as set forth above, 558,900 shares of the Corporation's Common Stock. After giving effect to such indirect beneficial ownership of the Corporation's Common Stock, Mr. Nemeroff owned as of December 27, 1967 beneficially, directly or indirectly, a total of 10,663 shares or .88% of the Corporation's Common Stock.

Under an agreement between Franchard Corporation, on the one hand, and M. M. Clairmont and certain minor stockholders, on the other hand, the parties will (while they own specified quantities of shares of the Corporation's Common Stock) use their best efforts to have the nominees for the Board of Directors of the Corporation to include

their respective designees and to vote their shares for such designees. Messrs. Levien, Nemeroff and Spelke are the designees of Franchard Corporation as nominees for election to the Board of Directors.

(2) In addition, Mr. Clairmont's wife is trustee of a trust for the benefit of one of the Clairmont children, which on December 27, 1967 was the beneficial owner of 2,000 shares of the Corporation's Common Stock, in which neither Mr. Clairmont's wife nor Mr. Clairmont have any beneficial interest, and Mrs. Clairmont was the beneficial owner on December 27, 1967 of 7.87% of the Common Stock of Clairdale Enterprises, Inc. (which owns 6,600 shares of the Corporation's Common Stock) in which shares of his wife, Mr. Clairmont has no beneficial interest.

In addition, Mr. Levien's wife and Mr. Levien's son were the beneficial owners on December 27, 1967 of 3.53% and 1.51% respectively of the Capital Stock of Franchard Corporation (which owns 558,900 shares of the Corporation's Common Stock) in which shares of his wife and son Mr. Levien has no beneficial interest.

In addition, Mr. Garrett's wife was the beneficial owner on December 27, 1967 of 400 shares of the Corporation's Common Stock, in which Mr. Garrett has no beneficial interest.

In addition, Mr. Heinrich's wife was the beneficial owner on December 27, 1967 of 4,000 shares of the Corporation's Common Stock in which Mr. Heinrich has no beneficial interest.

In the event any of the above-named nominees for the office of director becomes unable to accept nomination or election, it is intended that the persons named in the proxy will vote for the election of such other persons for such office as they may deem advisable.

6. *Information Relative to Remuneration and Other Transactions with Directors, Nominees, Officers and Others.*

A. Remuneration from the Corporation and its Subsidiaries to each director and each of the three highest paid Officers of the Corporation and its Subsidiaries whose aggregate direct remuneration exceeded $30,000 for the fiscal year ended October 31, 1967 on an accrual basis, as well as all directors and officers as a group:

Name and Capacity	Aggregate Remuneration
M. M. Clairmont ..... Chairman of the Board of Directors and President	$ 54,000(1)
W. L. Heinrich ..... Executive Vice-President, Treasurer, Assistant Secretary and Director	35,000
All Directors and Officers as a Group (Nine in number)	129,400

(1) On July 1, 1963 the Corporation entered into an employment agreement with M. M. Clairmont as its chief executive officer at a salary of $54,000 per annum for a term expiring June 10, 1968 subject to earlier termination in certain events.

B. Stock Options

From November 1, 1966 through January 2, 1968, no stock options for the purchase of the Corporation's $2.50 par value Common Stock were granted to any of the persons named in paragraph A, nor to any other Director or Officer of the Corporation. During the same period, M. M. Clairmont, named in paragraph A, exercised a stock option pursuant to the Employee's Stock Option Plan of 1953 for the purchase of 3,780 shares of Common Stock for $31,870, the market value of such shares on the date of purchase being $49,770 as well as a stock option pursuant to the Employees' Stock Option Plan of 1963 for the purchase of 33,600 shares of $2.50 par value Common Stock for $283,290, the market

value of such shares on the date of purchase being $407,400 and W. L. Heinrich, named in paragraph A, exercised a stock option pursuant to the Employees' Stock Option Plan of 1953 for the purchase of 1,260 shares of Common Stock for $10,623, the market value of such shares on the date of purchase being $16,590, and all Officers and Directors as a group exercised stock options pursuant to the Employees' Stock Option Plan of 1953 for the purchase of 6,320 shares of Common Stock for $53,286 the aggregate market value of such shares on the dates of purchase being $83,330 as well as stock options pursuant to the Employees' Stock Option Plan of 1963 for the purchase of 40,000 shares of Common Stock for $337,250, the aggregate market value of such shares on the dates of purchase being $490,600.

7. The annual meeting of shareholders is called for the transaction of the above stated business and for the transaction of such other business as may properly come before the meeting although, as of the date of this Proxy Statement, the only business which the Management intends to present or knows that others will present, and concerning which the proxy will be exercised or used for the purpose of a quorum at the meeting or any adjournment thereof, is as set forth above. However, if any other matter not now known properly comes before the meeting, it is intended that the persons named in the proxy, or their substitutes, will vote your stock in accordance with their best judgment on such matters. All shares of stock represented by duly executed proxies received by the Corporation will be voted at the meeting by the persons named in the proxy or their substitutes.

By Order of the Board of Directors,

CYRUS C. HOFFMAN
Secretary

Dated: January 10, 1968

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LEE NATIONAL CORPORATION

545 Madison Avenue

New York, N. Y. 10022

January 26, 1968

To the Stockholders of
LEE NATIONAL CORPORATION

We have previously sent to you proxy soliciting material relative to the Annual Meeting of Stockholders to be held on February 15, 1968.

We wish to advise you that Item 4 of the Proxy Statement dated January 10, 1968, previously sent to you is amplified by indicating that included as part of the other selling stockholders to Franchard Corporation of the capital stock of Mornay Corporation was M. M. Clairmont, who owned 10% of such stock; Mr. Clairmont still retains ownership of all his direct holdings of 137,800 shares of the Corporation's Common Stock and 92.13% of the Common Stock of Clairdale Enterprises, Inc. which owns 6,600 shares of the Corporation's Common Stock; also included as part of the other selling stockholders to Franchard Corporation of the capital stock of Mornay Corporation were Mrs. Clairmont and two trusts for the benefit of their children who owned in the aggregate 30.5% of such stock and included in the sale to Franchard Corporation of shares of the Corporation's Common Stock were an aggregate of 49,300 shares owned by Mrs. Clairmont and the two children's trusts (in none of which Mr. Clairmont had any beneficial interest) and 18,000 shares owned by W. L. Heinrich and 8,000 shares owned by J. D. Garrett. We further wish to advise you that there was inadvertently omitted from such Proxy Statement (which Proxy Statement is deemed amended to include) the following, as a footnote to Paragraph A of Item 6:

"During the fiscal year ended October 31, 1967 the Company purchased or sold, at market prices, securities through Clark, Dodge & Co. Inc., of which firm Edward J. Scheider, a director of the Company, is a Vice-President, and through H. Hentz & Co., of which firm E. Milo Greene, a director of the Company, is Senior Partner. Brokerage commissions paid to Clark, Dodge & Co. Inc. during such year, charged at regular stock exchange rates, aggregated $36,101.21 and brokerage commissions paid to H. Hentz & Co. during such year, charged at regular stock exchange rates, aggregated $34,183.95".

At the same time we urge you to send us your Proxy if you have not already done so as the time before the meeting is short and many of our shares are held in small amounts. As you know, a Proxy may be revoked by the shareholder giving the Proxy at any time prior to its exercise at the meeting.

A Proxy and a return envelope are enclosed herewith for your use.

Thank you for your cooperation.

Very truly yours,

M. M. CLAIRMONT
Chairman of the Board.

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1790A

COURT OF COMMON PLEAS OF MONTGOMERY COUNTY

UNITED RUBBER, CORK, LINOLEUM AND PLASTIC WORKERS OF AMERICA, by Michael G. Sabol, Trustee ad litem	:	TERM, 1966
vs.	:	
LOCAL 227, UNITED RUBBER, CORK, LINOLEUM AND PLASTIC WORKERS OF AMERICA 425 Hector Street Conshohocken, Pennsylvania; CHARLES HESS 621 West Lafayette Street Norristown, Pennsylvania; WALTER TARBUTTON 123 Walker Lane King of Prussia, Pennsylvania; HARRY ARENA 105 Woodlyn Avenue Norristown, Pennsylvania; and HOME ASSOCIATION OF UNITED RUBBER WORKERS, INC. or HOME ASSOCIATION OF CONSHOHOCKEN, INC. 425 Hector Street Conshohocken, Pennsylvania	:	NO. 66-10963

SEP 7 | 05 PM '66
OFFICE OF THE PROTHONOTARY
NORRISTOWN, PA.

COMPLAINT IN EQUITY

1. Plaintiff United Rubber, Cork, Linoleum and Plastic Workers of America, is an unincorporated association, an international labor organization affiliated with the American Federation of Labor-Congress of Industrial Organizations, having its principal office in Akron, Ohio. Michael G. Sabol, Trustee ad litem, is an international representative of plaintiff and resides at 316 Starr Street, Phoenixville, Pennsylvania, and brings this action on behalf of and as representative of the said labor organization.

2. Defendant Local 227, United Rubber, Cork, Linoleum and Plastic Workers of America, was a local labor organization chartered by plaintiff on March 1, 1942, and affiliated with it from that time on, having its principal office at 425 Hector Street, Conshohocken, Pennsylvania.

3. Defendant Charles Hess was President of defendant Local 227 for more than nine years preceding November 30, 1965, and resides at 621 West Lafayette Street, Norristown, Pennsylvania.

4. Defendant Walter Tarbutton is the former Vice-President of defendant Local 227, and claims to be and is now acting as President thereof, and resides at 123 Walker Lane, King of Prussia, Pennsylvania.

5. Defendant Harry Arena was Treasurer of defendant Local 227 and claims to still be such and purports to act as such, and resides at 105 Woodlyn Avenue, Norristown, Pennsylvania.

6. Defendant Home Association of United Rubber Workers, Inc., or Home Association of Conshohocken, Inc., is a non-profit corporation formed for the express purpose of taking and holding legal title to real estate in trust for the defendant Local 227 and its members from time to time.

7. Defendant Home Association is the owner of title of record of premises 425 Hector Street, Conshohocken, Pennsylvania, which property was purchased by defendant Home Association with funds of defendant Local 227, or with funds contributed by members of defendant Local 227.

8. Defendant Local 227 has moneys in various banks and bank accounts in the Conshohocken area, the names of which banks are unknown to plaintiff.

9. Plaintiff has adopted a Constitution and operates under and pursuant to such Constitution, which is binding upon it and upon its affiliated Local Unions, such as defendant Local 227, upon all members of plaintiff, and of each and every such Local Union, and upon all agents, designees and title holders of property acquired by the expenditure of Local Union funds or by contribution

from the members of Local Unions. A true and correct copy of the Constitution of the plaintiff is attached hereto, made part hereof and marked Exhibit "A".

10. Defendant Local 227 was formerly the collective bargaining representative of the production and maintenance employees of Lee Tire & Rubber Corporation (name later changed to Lee National Corporation) at its plant in Conshohocken, Pennsylvania.

11. In July of 1963, defendant Local 227 instituted strike action against Lee Tire & Rubber Corporation, which was approved by plaintiff's International Executive Board pursuant to said Constitution.

12. During the continuance of said strike the plaintiff, in accordance with its Constitution and the decisions of its Executive Board and officers pursuant thereto, paid about one-half million dollars, or more, in cash strike benefits and other benefits to the members of defendant Local 227, and the plaintiff supported the strike of defendant Local 227 in all lawful manners and by all lawful means within its ability and within the provisions of its Constitution.

13. Early in 1965, Lee Tire & Rubber Corporation, with notice to plaintiff and Local 227, permanently discontinued the operation of its plant in Conshohocken and sold same to another corporation; said plant had not operated since the strike by Local 227 began.

14. Under date of July 14, 1965, the President of plaintiff officially terminated the strike of defendant Local 227 against Lee Tire & Rubber Corporation and his action was sustained by plaintiff's International Executive Board under date of August 25, 1965.

15. Under date of November 4, 1965, the President of plaintiff submitted to plaintiff's International Executive Board a recommendation of the following action to be taken:

"After revieving the circumstances carefully with respect to Local Union No. 227, the International Executive Board hereby dissolves said Local Union No. 227 for lack of membership, and hereby revokes the Charter of said Local Union, with the effective date of the revocation of the Charter to be determined by the International Officers."

16. Subsequent to the aforesaid recommendation, plaintiff's International Executive Board approved this recommendation, and effective November 30, 1965, the Charter of defendant Local 227 was revoked by plaintiff.

17. Under the provisions of the aforesaid Constitution of plaintiff, and particularly Article VIII, Section 1(d)-6 thereof, when a Local Union has its Charter revoked, all moneys, books, records, Charter and other local union property (including but not limited to real estate, furniture, fixtures, equipment, stocks, bonds or other securities) regardless in whose name held, shall remain the property of the International Union and shall be surrendered by the Local Union officers upon the demand of the International Union to the International Secretary-Treasurer; thereafter such property shall be set up as a trust for said Local Union if and when it is rechartered within two years, provided that said trust shall expire at the end of two years and all said property shall automatically become the property of the International Union for such purposes as it deems advisable.

18. Since November 30, 1965, plaintiff has requested all defendants to surrender to it all moneys, books, records, charter and other union property including all real estate, furniture, fixtures, equipment, stocks, bonds or other securities owned by defendant Local 227, regardless whether title is in the name of defendant Local 227, or any of its officers or defendant Home Association, or anyone else, to be held in trust by plaintiff in accordance with the provisions of Article VIII, Section 1(d)-6 of plaintiff's Constitution.

19. All defendants have at all times failed and refused to comply with requests of the plaintiff and its officers and representatives, to

observe its Constitution and to turn over to plaintiff all moneys and property, as described aforesaid, of defendant Local 227, defendant Home Association, or other agencies or corporations established with the funds of defendant Local 227, or with the funds of its members.

20. The failure of all defendants to turn over the moneys and properties referred to aforesaid is in violation of the Constitution of plaintiff, which constitutes a contract between plaintiff and all defendants.

21. Plaintiff is entitled to have this Court compel defendants to specifically comply with the aforesaid provisions of the Constitution of plaintiff and convey and turn over to plaintiff the properties hereinabove referred to.

WHEREFORE, plaintiff prays:

(a) That pending this bill all defendants be preliminarily, and on final hearing perpetually, enjoined from selling, conveying or disposing of any of the moneys, books, records, charter or other union property, including real estate, furniture, fixtures, equipment, stocks, bonds or other securities of defendant Local 227, or of defendant Home Association, or any part thereof, to any person other than the plaintiff or its nominee, and further, that defendants be similarly enjoined from mortgaging or encumbering said property in any way;

(b) That defendants be commanded to specifically comply with their obligations under the Constitution of United Rubber, Cork, Linoleum and Plastic Workers of America, and to turn over to plaintiff all moneys, books, records, charter and other union property, including real estate, furniture, fixtures, equipment, stocks, bonds or other securities of defendant Local 227 and defendant Home Association, acquired by the expenditure of funds of Local 227 or of its members;

(c) That defendant Home Association of United Rubber Workers, Inc., or Home Association of Conshohocken, Inc., and its officers, be commanded to convey by good and sufficient deed, all real estate and real property owned by it, and every part thereof, with marketable title to the plaintiff in fee simple, and legally sign, seal, acknowledge and deliver said deed to plaintiff in proper legal form; and

(d) That defendants, and each of them, be required to account to plaintiff for all proceeds and expenditures of defendant Local 227 and defendant Home Association of United Rubber Workers, Inc., or Home Association of Conshohocken, Inc., for all funds received and expended by and for the said organizations since November 30, 1965.

(e) That Your Honorable Court grant such other relief as it deems just and proper.

AND PLAINTIFF WILL EVER PRAY, ETC.

MILLER, HARWITZ & BRANDSCHAIN

By _____
Daniel B. Brandschain
21 West Airy Street
Norristown, Pennsylvania; and

WILDERMAN, MARKOWITZ & KIRSCHNER

By _____
Richard H. Markowitz
735 Philadelphia Saving Fund Bldg.
Philadelphia, Pennsylvania 19107,
Attorneys for Plaintiff

Of Counsel:

Samuel L. Rothbard, Esquire
Abraham L. Friedman, Esquire
ROTHBARD, HARRIS & OXFELD
National Newark Building
744 Broad Street
Newark, New Jersey 07102

COMMONWEALTH OF PENNSYLVANIA

: SS.

COUNTY OF PHILADELPHIA

MICHAEL G. SABOL, being duly sworn according to law, deposes and says that he is an International Representative of United Rubber, Cork, Linoleum and Plastic Workers of America, that he is authorized to take this Affidavit on its behalf and act as Trustee ad litem in this matter, and that the facts set forth in the foregoing Complaint are true and correct to the best of his knowledge, information and belief.

SWORN TO AND SUBSCRIBED
before me this 31st day
of August, 1966.

Michael G. Sabol

May S. Weintraub

MAY S. WEINTRAUB
Notary Public. Philadelphia, Philadelphia Co.
My Commission Expires September 12, 1966

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LEE RUBBER & TIRE CORPORATION

CONSHOHOCKEN, PENNSYLVANIA

RECEIVED
JUN 13 1963
OFFICE OF COMPTROLLER

June 12, 1963

To the Stockholders of
Lee Rubber & Tire Corporation:

Results of operations for the second quarter ended April 30, 1963 and for the first half ended April 30, 1963 are shown below:

RECEIVED
JUN 13 1963
RESEARCH DEPT.

	2nd Quarter Ended April 30, 1963	First Half Ended April 30, 1963
Income:		
Net Sales	$ 7,727,929	$16,364,356
Other Income	68,164	106,241
	7,796,093	16,470,597
Cost of goods sold, depreciation, selling, administrative and general expenses	8,362,613	17,439,030
Loss before Federal income taxes	566,520	968,433
Claim for Refund of Federal income taxes, estimated	40,802	270,602
Estimated net loss	$ 525,718	$ 697,831
Net loss per share	.64	.85
Shares of Capital Stock Outstanding	811,750	811,750

The above figures are subject to the usual year-end audit by independent public accountants and do not reflect any accounting adjustments in connection with the fluctuation of the Company's Lifo inventory position during the course of the fiscal year, which adjustments shall become determinable as of the close of the fiscal year.

The abovementioned losses resulted entirely from the operations of the Company's Tire Division, while the operations of the Republic Division showed a modest profit. The loss for the first quarter of the current fiscal year was reduced by $229,800, representing the estimated claim for refund of Federal Income Taxes arising from the carry-back of operating losses, while the loss for the second quarter was reduced by only $40,802, representing the balance still available for tax refund by applying such carry-back. Because of the poor operating results of the Company in 1960 and 1961, and consequently the small amount of income taxes paid during those years, the Company's loss carry-back deduction applicable against prior years' taxes has been exhausted and no further carry-back of operating loss was available commencing with the month of March, 1963. Thus the full amount of the current operating loss commencing March, 1963 has been and will continue to be borne by the Company without any offset or reduction for Federal Income Tax refund.

The main reason for the substantial losses of the Tire Division is its low level of sales which makes it necessary to operate this plant at a very low rate of production in relation to its capacity. As stockholders have been previously advised, the basic reason for this situation is due to the Company's failure to create in the past an adequate distribution through a network of independent distributors of the type to which tire manufacturers normally sell. Therefore, despite a comprehensive program to cut all variable costs, the Tire Division has operated with a high fixed and semi-fixed overhead which, while necessary in order to keep this Division functioning, is completely out of proportion to the present low level of production and raises

costs to a point where substantial losses are inevitable as long as this situation continues. The program of gradually developing new, desirable outlets under the present extremely competitive conditions in the tire industry is a long, arduous and costly one, and until a proper distribution can gradually be built, tire production will have to continue at an abnormally low rate in order to avoid inventory accumulation out of line with the Division's sales picture.

The sales problem in the Tire Division is further complicated by the effort to eliminate in an orderly manner a certain number of customers representing poor credit risks or with whom the cost of doing business is prohibitive, and to concentrate on a larger, more desirable class of customer of the type to which manufacturers normally sell. The need to secure such customers required a downward adjustment of the Company's price structure of tires which also contributed to the loss.

The collection of the Company's receivables has gradually slowed down and delinquency in payments has been mounting noticeably. Therefore, the management is becoming increasingly concerned about the questionable quality of certain accounts receivable in the Tire Division. Consequently the present reserve for losses on receivables appears to be inadequate, and the planned transition from poor credit risk accounts to better ones would only magnify this problem. The Company is in the process of thoroughly reviewing all its accounts receivable, as a result of which it will probably have to increase substantially the present reserve for accounts receivable.

Finally, we want to advise stockholders that the Company's Collective Bargaining Agreements and Supplemental Unemployment Benefits Agreements for both Divisions will terminate on June 30, 1963 and the Company has recently entered into negotiations at each plant with the respective local unions of the United Rubber, Cork, Linoleum and Plastic Workers of America. Over the years the manufacturing costs for both Divisions have risen to a point where they have become so unduly high that it is difficult for the Company to compete with other companies who had developed throughout the years by means of better labor practices, much lower production costs and a higher degree of efficiency and productivity. The Company is endeavoring to arrive through negotiations at new labor agreements which should give it the chance to meet competition eventually.

As mentioned previously to stockholders, a comprehensive study has been in progress to specifically identify the Company's problems in all areas and to determine how they can best be solved. Most of this study has been completed and as a result of a thorough survey of the underlying facts, the new management regrets to report that the situation in which it finds the Company is much more serious than had been expected, and that the task of reorganizing its operations and reducing the severe losses appears much more difficult, costly and time consuming than anticipated. Management is doing its utmost to keep a difficult situation under control the best it can, but the future of the Company primarily depends on the attitude of its employees. Their understanding of the Company's problems and willingness to cooperate are essential for the purpose of giving the Company certain justifiable reliefs it must have in order to reduce the large losses facing the Company, and prevent a rapid dissipation of its assets. We cannot predict at this time the outcome of the aforementioned labor negotiations.

Sincerely yours,

A. A. GARTHWAITE, JR.

President

1794A

Proposal of changes requested by the Board of Directors of Lee Rubber & Tire Corp. at its July 25, 1962 meeting to the Pension Service Award and the Insurance Benefits Agreements of June 30, 1961 and September 28, 1961.

ARTICLE I - PENSION PLAN Def'd Ex N Nid. 6/5/67 MD

(53) P104 87A

SECTION II
RETIREMENT

To be amended to read as follows;

4. "An Employee whose employment with the Company is terminated by the Company on or after the Effective Date, but not as a result of or during a strike started for any reason other than the violation by the Company of the provisions of its Working Agreement with the Union, shall be eligible, upon a timely written application therefor, for a deferred pension as provided in Paragraph 4 of Section III of this Plan, if such Employee, at the time of such termination of employment New Article V

(a) shall have attained the age of 40 years but shall not have attained the age of 65 years,
(b) shall have had at least 10 years of Continuous Service prior to such termination, and
(c) shall not be eligible for any other pension under this Plan except another deferred vested pension based upon a prior period of Continuous Service; provided, however, that in no event shall an Employee be eligible for a deferred pension if he elects to receive, in lieu thereof, a Service Award or a Special Distribution on discontinuance of operations."

ARTICLE I
SECTION VIII
GENERAL PROVISIONS

1. No change
2. No change

3. Subject to the provisions contained in Article V of this Agreement, the Company reserves the right to modify, amend, or terminate this Plan, in whole or in part, at any time and for any reason.

4. No change
5. No change

6. The benefits of the Plan will be only such as can be provided by the assets of the Pension Fund and there can be no liability or obligation on the part of the Company to make any further contributions to the Trustee in the event of the termination of the Plan, and no liability for the payment of benefits under the Plan will be imposed on the company, officers, employees, agents and directors or stockholders of the company, except that no pension granted prior to the date of notice of desire to amend or renegotiate this Agreement to those pensioners dealt with in Article I, Section VIII, Paragraph 7, sub-paragraph First thereof shall be reduced, suspended or discontinued, except as otherwise specifically provided herein. New

7. On termination of the Plan, the funds of the Plan shall be used for the exclusive benefit of the employees and pensioners under the Plan as of the date of such termination, except that any funds not required to satisfy all liabilities of the Plan for benefits because of erroneous actuarial calculation shall be returned to the company. The Pension Board shall determine on the basis of actuarial valuation the share of the funds of the Plan allocable to each employee and pensioner in the following order: New

(Cont'd) 1794A-1

First - Each pensioner who has been granted a pension prior to the date of notice of desire to amend or renegotiate shall be entitled to be allocated a share equal to the reserve computed to be required for his benefit credits, and

Second - Each pensioner and employee not included in First above who is eligible to retire under Section II, Paragraph 1, 2 or 3, shall be entitled to be allocated a share equal to the reserve computed to be required for his benefit credits, and

Third - Each employee not included in First or Second above who is eligible for a vested benefit under Section II, Paragraph 4, shall be entitled to be allocated a share equal to the reserve computed to be required for his benefit credits, and

Fourth - Each other employee shall be entitled to be allocated a share equal to the reserve computed to be required for his benefit credits, provided that

If the funds are insufficient to provide in full for the shares under sub-paragraphs Second, Third or Fourth after provisions for all shares under previous sub-paragraphs, each share under such sub-paragraph Second, Third or Fourth shall be reduced pro rata. In determining whether any pensioner or employee is included in sub-paragraph First, Second, Third, or Fourth above, no account shall be taken of any election by such pensioner or employee made after the date of notice of desire to amend or renegotiate.

ARTICLE II - SERVICE AWARD AND SPECIAL DISTRIBUTIONS ON DISCONTINUANCE OF OPERATIONS

SECTION VI
SPECIAL DISTRIBUTIONS ON DISCONTINUANCE OF OPERATIONS

To be amended to read as follows;

1. "In the event that all operations of the Employer at the plant covered by this Agreement of which this Exhibit is a part shall be completely and permanently discontinued, but not as a result of a strike started for any reason other than the violation by the Company of the provisions or its Working Agreement with the Union, a Special Distribution shall be payable to each Employee

(a) whose employment is terminated as a result of such discontinuance of operations,
(b) who at the time of such termination of employment had completed 5 or more years of continuous service,
(c) who is not eligible for a pension under any pension plan (other than a deferred vested pension under the Pension Plan with respect to a prior period of continuous service) of the Employer, and
(d) who is not eligible for a Service Award under the provision of Section II above;

provided, however, that an Employee ineligible for a Special Distribution by reason of his eligibility for a deferred vested pension under the Pension Plan with respect to any part or all of the same period of continuous service upon which the Special Distribution otherwise payable to him would be based, may become eligible to receive such Special Distribution by making an election in writing to receive the same in lieu of the

(Cont'd)

deferred vested pension under the Pension Plan based upon such period of continuous service. Such written election must be made by the Employee within 30 days from the date of the termination of his employment hereunder; otherwise, he shall be deemed forever to have waived his right to a Special Distribution in lieu of such deferred vested pension.

2. The amount of the Special Distribution will be equal to the amount of the Service Award, as computed under Section III above, which the Employee would have been entitled to receive, at the time his employment was terminated by reason of the discontinuance of operations, as above mentioned in Paragraph 1 of this Section VI New if he had then been retired by his Employer because he was no longer able to meet the requirements of his job and was unable to qualify for transfer to another job."

ARTICLE V
DURATION AND TERMINATION

1. No change
2. No change
3. No change

4. This Agreement constitutes a settlement for the duration of this Agreement of all issues with respect to the subject matters covered hereby, and while this Agreement continues in effect, the Company shall have no obligation to negotiate or bargain with the Union with respect to any subject matter covered hereby, nor shall there be any strike or work stoppage with respect to such matters. Any notice of termination of the Working Agreement in accordance with the provisions thereof shall give the right to either the Union or the Company to open for renegotiation or amendment all the subject matters covered by this Agreement irrespective of the provisions of Paragraph 6 and 7 of this Article V. Should in such case either the Union or the Company desire to open this Agreement for renegotiation, either party will give to the other party a 60-day written notice of such desire and negotiations shall begin within 30 days after the giving of such notice. If negotiations are not satisfactorily concluded prior to the end of such 60-day period, this Agreement shall continue in full force and effect thereafter, subject to the right of either the Union or the Company to terminate this Agreement, if it desires to do so, by giving sixty days' written notice to the other.

5. No change
6. No change
7. No change
8. No change